Daily Report

Latin America

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FBIS-LAT-89-132 *12 July 1989*

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Cuba

Castro Supports Death Sentence in Ochoa Case

FL1207121989 Havana Tele-Rebelde Network in Spanish 1100 GMT 12 Jul 89

[Text] Cuban television last night broadcast on both its channels the speech by our commander in chief at the Council of State meeting convened to discuss case No 1 of 1989 of the special military tribunal. During the meeting, the death sentence was ratified for four of those involved in the case.

Fidel said that this legal process was characterized by its exceptional fairness [limpieza] and its extensive participation, information, quality, and equality.

The president of the Cuban Council of State gave an extensive summary of the last stage of the war in Angola, which he described as the greatest internationalist feat undertaken by Cuba. He said that these shameful and detestable events, which have been sanctioned, occurred precisely when this great feat was underway.

Our commander in chief said that Ochoa [former Division General Arnaldo Ochoa] could have saved himself during the first conversation he had with Raul if hehad been frank and sincere, if he had assumed his responsibility, if he had told the truth. Nevertheless, he added, we have had to search, investigate, and work hard to discover all this information without Ochoa's cooperation.

Fidel described the acts tried in case No 1—to sell out the country, put it at risk, undermine the morale and prestige of the Revolution—as treason. He said that we are going to recover and strengthen the credibility of the Revolution throughout the world, not based on the acts of these sanctioned individuals, but despite what they have done and in the manner in which the country has confronted what they have done. The rectification process will win because a better understanding will arise and the party will have much more strength to make demands and sweep away everything that smells rotten.

Fidel concluded by saying that on behalf of those who died fulfilling internationalist missions, of the ideals they defended, and, of the fatherland they dreamed about, we are obligated to be severe. He added his vote to the unanimous ratification of the sentence of capital punishment and he called for a formal vote after which he said: The Council of State ratifies the sentence handed down by the special military tribunal. He also [words indistinct].

160 Internationalists Return From Angola

FL1207123889 Havana Tele-Rebelde Network in Spanish 1100 GMT 12 Jul 89

[Text] Close to 160 comrades returned last night after fulfilling internationalist missions in Angola. Brigade General Antonio Enrique Lusson, flight chief, headed the group that was received by Jose Ramirez Cruz, alternate member of the Communist Party of Cuba Politburo, and other comrades of the FAR [Revolutionary Armed Forces] and MININT [Interior Ministry]. Representatives of the Council of Ministers and members of mass organizations and the state also greeted the internationalists.

Among the 160 combatants, 2 of them bear the Internationalist Combatant Medal, 1st Class; 157 of them have the same medal, 2d class; 34 of them have the Distinguished Service Award, and all of them have the Victory of Cuba-People's Republic of Angola Medal.

Caricom

Caricom To Negotiate Air Service With Britain

FL1107163089 Bridgetown CANA in English 1638 GMT 8 Jul 89

[Text] St George's, Grenada, July 8, CANA—Member governments of the Caribbean Community (Caricom) have agreed to negotiate an air services agreement with Britain on "a combined Caricom" basis, it has been reported here.

In making the announcement, St Kitts-Nevis Prime Minister Dr Kennedy Simmonds told CANA this move was one of the agreements reached at Friday's conclusion of the 10th Caricom heads of government summit here. "The conference has agreed that we should approach the whole issue of negotiating that agreement together," he said. "We would take a Caricom approach towards the negotiations. I think that is an important step forward," he remarked.

Simmonds said the regional leaders agreed on this approach although the result would be an agreement between Britain and each member state on a separate basis. He spoke of this measure being "very important" from St Kitts point of view although there was no direct service between the island and Europe.

He said St Kitts was in the process of targeting the European market for its tourism. "We would be putting in a desk within the High Commission in London for the promotion of the European tourist," he added.

Simmonds also announced that he obtained support from regional heads for a St Kitts-Nevis proposal for a priority programme of the Lome 4 Convention Grant funding to aid the expansion of Newcastle Airport in Nevis. "For us we regard this as a very important and positive development," he said.

Simmonds stated that the small airstrip on Nevis had already received an estimated two million dollars (U.S.) under Lome 3 to facilitate a feasibility study on the design of the airport.

The St Kitts-Nevis leader also made mention of talks he had earlier Friday with officials of Trinidad and Tobago's national carrier, BWIA, on improved services to island. He said that BWIA assured him that there would be improved services to St Kitts from next month.

"We expect to have in August at least three direct services to New York," he remarked. Simmonds also reported that BWIA was giving serious consideration to introducing a London/Miami/St Kitts route in addition to the St Kitts/Miami route.

Simmonds also touched on moves by British aerospace to get the shareholder of LIAT [Leeward Islands Air Transport], namely the Caribbean governments, to purchase its new BAE-146 86-seater aircraft to replace its fleet of AVRO-748S. He said that although there were no "specific discussion" during the conference on the issue some "private discussions" were nonetheless held on the matter. He said he felt that the region would have to study the proposal "in greater detail" before any decision was taken on the issue.

British Aerospace has put forward a proposal to LIAT to take back the AVROS which it sold the company a few years ago in exchange for a commitment to purchase some of its new aircraft.

Antigua and Barbuda

Prime Minister Dismisses Rumors of Ill Health

FL0607235789 Bridgetown CANA in English
2055 GMT 6 Jul 89

[Text] St John's, Antigua, July 6, CANA—Antigua and Barbuda's Prime Minister Vere Bird Sr has been giving the background to his trip to the United States.

Mr Bird, who dismissed rumours about ill-health when he returned home on Wednesday, said he went abroad to discuss employment opportunities, especially for women, who had lost their jobs due to the closure of some local factories.

Bird, 78, looking quite well but still resting his hand on someone's shoulder as he walks, said doctors in the U.S. had given him a clean bill of health.

"The purpose of the mission was to try and find employment for all those hundreds of workers who are home because the factories have closed down. They are home with their children unemployed. They have to pay their installment on their houses and their children's school (fees) to pay," Bird explained describing his trip as a success.

He said two factories have laid off about 400 female workers and have since packed up and left. The prime minister said there is a possibiity that some new factories will bring investments here.

Dominica

Prime Minister Comments on Caricom Summit

FL0707210089 Bridgetown CANA in English
1606 GMT 7 Jul 89

[Text] St George's, Grenada, July 7, CANA—Dominica says it can no longer host the 1990 Caribbean Community (Caricom) heads of government conference because it does not have enough hotel rooms.

"We just do not have the logistics for a large conference," Prime Minister Eugenia Charles told CANA on Friday. She said she communicated this information to the 10th Caricom heads of government conference now into its fifth and final day here.

Charles said Jamaica was likely to host next year's summit provided no other country made an offer. Jamaica last hosted the heads of government conference in 1982 when the Jamaica Labour Party, headed by Edward Seaga, was in power.

"I could host a special conference if it is a matter of heads and one supporting member," Charles said. She explained that even with the rooms which Dominica could provide, they would be too spread out at different hotels posing problems for Caricom secretariat staff who service the summit.

An official in the Dominican delegation later told CANA that the country has about 500 hotel rooms, but only about 150 are in a central location. The annual summit requires in excess of 200 rooms.

The 186-room Ramada Renaissance Hotel, venue of the current summit meeting, was unable to accommodate all of this year's conference delegates who spilled over to several other hotels. Close to 70 foreign journalists are covering the Grenada summit.

Giving her assessment of the conference, Charles said: "We have been able to arrive, if not at specific, certainly at the goals we want to achieve, and importantly this conference has spent much more time on what I said was important from the very beginning—on the economic, trade, and commerce matters," Charles said in an interview. She said the conference also addressed the important areas of agriculture and a review of regional organisations. Already though, she reported, the Caricom leaders scrutinised the performance of the Caribbean Agricultural Research and Development Institute (CARDI) and the Caribbean Food Corporation (CFC).

"CARDI has turned around completely," the Dominican leader reported. She said Dominica recently paid up arrears owed for three to four years, which were deliberately not paid before because of dissatisfaction with the regional institution. On the other hand, she said, the

CFC and its subsidiary, the Caribbean Agricultural Trading Company (CATCO) have been given two years by the heads to see how they could come up with financing for the future.

"CATCO is very important to us. CFC we feel cannot continue on the funding that it has now and we have to look at new ways of funding. We are not closing down because they have on-going projects but some of the countries have never had any benefit from them at all," Charles added.

She said CFC was finding increasing difficulty in getting donor agencies to pump funds into the institution and, in any case, this was not the most feasible way for the organisation to operate. She said the Caribbean Centre for Development Administration (CARICAD) was also given two years by the leaders to come up with ways to secure funding for the future.

Charles reiterated concerns that there were too many items on the summit agenda. "Sometimes the aim is to look at where we're at on the agenda rather than have we made steps forward on a particular item. This time both things have happened. We realise some things are too long on the agenda and we have stated certain things should not come to us except for information...," she said.

She said the agenda in future would be formulated differently as a result of the Grenada conference so that the "real issues" would be discussed. The regular five-day summit, Charles said, was still "too long" and what was required was "more frequent meetings, shorter meetings, and targeted on particular subjects."

Dominican Republic

* First 4 Months Revenue Totals 1.9 Billion Pesos

32480164a Santo Domingo LISTIN DIARIO in Spanish 31 May 89 p 1-D

[Article by Jose Romero]

[Text] The tax revenues collected by the government as of April amounted to 529 million pesos, making a total of 1.89 billion pesos so far this year.

According to the report for the fourth month of the year, which the National Budget Office [Onapres] has just published, the General Customs Office continues to lead in collections, with 761 million pesos.

It is followed by the Income Tax Office, with collections of 552 million pesos, and Internal Revenue, with 302 million pesos.

April income was the greatest for a single month this year.

External revenues, which amounted to 19.2 million pesos, are not included in the total.

This year importers have complained frequently that customs officials add 15 to 20 percent to the value of imports originally declared by them.

In addition, companies have made payments this period on income declared for the previous fiscal year.

From one 4-month period to the next, the increase in collections amounts to nearly 1 billion pesos.

This is in spite of the fact that traditionally the first few months of the year are considered slow months.

In March, fiscal revenues amounted to 439,192,448 pesos.

Onapres stated that the government earmarked 128.6 million pesos of April revenues for public investment programs. This is a reduction of 13.5 million from the previous month; in March, investment totaled 160.3 million pesos.

Of the April revenues, 19,244,824 pesos corresponds to external resources; income from internal sources totaled 331,311,144.52 pesos.

The details of the government's revenues and outlays appear in another part of this edition.

According to ONAPRES, 75,802,593.61 pesos was allocated to the agriculture-livestock, irrigation, and power sectors.

The National Institute of Water Resources (INDRHI) received 19,741,530.86 pesos for the construction and supervision of the Jiguey-Aguacate hydroelectric complex and for the construction and rehabilitation of canals and dams.

The Secretariat of Agriculture was allotted 14,310,000 pesos for purchasing seeds and other products.

The Dominican Electricity Corporation (CDE), meanwhile, received an allocation of 28,402,193.96 pesos, 23.0 million pesos more than the previous month. The CDE received 5.0 million pesos in March.

The Dominican Agrarian Institute (IAD) was allotted 4,969,984.88 pesos for peasant settlement programs, but in March the AID [as published] had received 39.0 million pesos for planting green beans.

In addition, the Special Fund for Agriculture-Livestock Development was given an allocation of 3,653,167.29 pesos, compared to 667,584 pesos the previous month.

Onapres states in its report that 4,329,383.20 pesos was set aside for planting different crops and installing a drip irrigation system in the La Cruz de Manzanillo Project.

The Central Bank received a total of 92.0 million pesos to be deposited in the account earmarked for paying the public debt.

Moreover, the Secretariat of Public Works received the sum of 89,937,005.14 pesos. The Office of Oversight of State Projects was given 27,273,622.44 pesos for carrying out programs of social and economic interest to the country.

In addition, the Administration of National Property received 11,440,471.07 pesos for compensating individuals who were evicted to make way for government projects.

* Customs Provide 41 Percent of Revenue

32480164b Santo Domingo LISTIN DIARIO in Spanish 11 May 89 p 13

[Article by Jose Romero]

[Text] The General Customs Office contributed 41 percent of internal fiscal revenues during the first quarter of the year, for a total of 564 million pesos.

Next in order was the Income Tax Office, which accounted for 25 percent of revenues. It collected 343 million pesos in the January-March quarter.

The Internal Revenue Office contributed 233 million pesos for 17 percent.

The total amount of internal revenues collected during the quarter was 1.361 billion pesos.

This year importers have complained frequently that customs officials have added 15 to 20 percent to the value of imports originally declared by them.

In addition, companies also made payments this quarter on income declared for the previous fiscal year.

From one period to the next, that is, comparing collections with those of January-March 1988, the increase amounts to 41 percent, equivalent to about 960 million pesos.

Comparing the two periods, Customs accounted for an increase of 418 million pesos, to a total of 564 million; the Income Tax Office provided 343 million pesos, compared to 188 million previously; and Internal Revenue's contribution climbed from 191 million to 233 million pesos.

The largest increase of them all was the Income Tax, however.

Traditionally, the first months of the year are considered "slow" in terms of collections, especially January and February. In these months, the "hangover" from Christmas is still being felt, sources say.

All together, these three entities contributed 342 million pesos the first quarter of the year, more than in fiscal 1988.

Haiti

Police Comment on Murder of Gregory Delpe

FL1107182389 Port-au-Prince Radio Nationale in French 0236 GMT 10 Jul 89

[Excerpts] On the night of 5 to 6 July, armed individuals allegedly broke into the Delpe family residence and murdered young university graduate Gregory Delpe. This murder has thrown the population of Haiti into the greatest consternation, and has also been interpreted many different ways.

Haitian political figures, as well as the members of the National Federation of Haitian Students, Feneh, of which the deceased was a member, reacted quickly, expressing their condolences to the Delpe family and deploring the climate of insecurity settling over Haiti.

As soon as they were informed of this murder, the Port-au-Prince police, whose principal mission is to guarantee the security of lives and property, went to the scene of the crime and began an investigation with a view to determining who was responsible for the crime—who the guilty party or parties are—so that they can be sent to court.

During a news conference held on Sunday 9 July, the executive officer of the Port-au-Prince police in charge of public relations, Colonel Jodel Lessage, through the press revealed to the public certain of the first elements noted in the course of the investigation thus far. These elements are grouped into six points. We invite you to listen to the entire text of this news conference held at the General Headquarters [of the Port-au-Prince police] on the afternoon of Sunday, 9 July.

[Begin recording] [Lessage] As you already know, on the night of last 5 to 6 July, a young Haitian, a university graduate with a great future, died. He was murdered. There was a generalized commotion and consternation among all Haitian families. Some people made wrong interpretations. Others reached some very hasty conclusions.

As auxiliaries of the Justice Department, as soon as we of the police were informed, we went to the scene of the crime and began our investigation. We began an investigation to seek the truth—truth in the interest of justice and in the interest of the society in general, and, most particularly in the interest of those who are deeply and sincerely moved by the death of this young man.

[Lessage switches to Creole, inserting occasional French words] We are looking for the truth in order to discover who the guilty party or parties are, so that we can send them to court. Thus, today, we want to inform the public, through the press, as to how this investigation is going, thus far.

I must tell you that the elements that the police have thus far found are extremely troubling.

Among other things, we found no traces of a violation [infraction] of the premises or a break-in [escalade]. I mean.... [changes thought] and I must add that even Gregory's brother—for Gregory was the name of the young man who was killed—Gregory's brother himself noted this along with us: that there was no sign of a break-in. I mean, there were no gates or doors staved in. There were no traces of footsteps of people climbing over any walls. Nothing like that.

Second, the entire press reported that four people, four armed men, had broken into Gregory's house. Now, all the testimony indicates that there were two persons who went upstairs. One of them was barefaced; the other was wearing a hood over his head.

Third, these murderers went upstairs and directly to the room of Gregory's mother and father, to ask for the day's take [from a Delpe family business]—that is to say, the income from the preceding day, as well as any money there might be in the room.

The room in which Gregory's sisters sleep was not visited at all. According to this same testimony, if Gregory had not come out of his room, the room he shares with his medical doctor brother, he would not have been shot and would not have died.

Fourth, the first police officer to arrive on the scene of the crime did not find any pool of blood. He found only a thin trickle of blood, and the officers who arrived after him, at approximately 1000, did not find any traces of blood at all—no bloodstain.

Fifth, the shell casing we were shown, which we were told came from the weapon of the person who killed Gregory—and this was supported by Gregory's brother, who told the press that he was very familiar with weapons, and also that the weapon that was fired was an M-1 rifle—well, the shell casing, which I unfortunately do not have here right now to show you, because it is being held as evidence.... [changes thought] However, I do have a shell just like it here. It is a 5.56-mm shell. Here we have a whole shell. Only this part of it constitutes the casing—without the projectile, without the (?head). As you can see, it is different from the the shell the M-1 rifle uses. This is an M-1 shell, and this is a 5.56-mm shell.

This shell casing looks worn. Also, it had no powder smell to it at all.

Sixth, we discovered the impact of a bullet on the ceiling of the room that Gregory shared with his brother. The crater is there, clearly visible to anyone who goes into the room, and it is very near the window facing north in the room, which in principle corresponds to the place where Gregory's brother puts his head when sleeping.

Seventh, the relatives of the deceased somehow managed to transfer the body of the deceased from the National University of Haiti Hospital's [also known as the general hospital] morgue to Pax Villa [a funeral parlor] without an autopsy having been performed on it, and this was done behind the backs of [a l'insu de] the Office of the Department of the Public Prosecutor and the police, and on the very morning of the crime itself.

That's all. Now, if you have questions on these points that we have just told you about, I am ready to answer them.

[Several unidentified reporters question Lessage] [Passage omitted]

[Lessage] I am not here to state any opinion. I told you that right from the start. I told you I would present the police findings to date, but I am not here to state any personal opinion.

[Question indistinct]

[Lessage] Well, I must tell you that the police always carry out their duties the way they should, under the cloak of the law. We feel we have done our duty. Not only have we investigated the way we should but we are also informing the public, okay?

[Question indistinct]

[Lessage] I'll tell you again. The police have always done their duty the way they should. We feel we have done our duty. We have informed the public of these details that we have thus far discovered, among others, in this case.

[Reporter] In light of the information you have on this case, can you determine with certainty the motives for this murder, from the first information gleaned?

[Lessage] I have told you clearly that I have given you the information the police thus far have. I didn't say the investigation is over. The investigation is continuing, so that we can cast light on this, because that's our job—to cast light on things.

[Reporter] Doesn't this already mean, Colonel, that there is something not fully clear behind this matter?

[Lessage] You are free to make your own analyses and draw your own conclusions. Meanwhile, as I told the other journalist, we ourselves have done our job. We are informing the public.

[Reporter] Colonel, I think the government's reputation is at stake. [passage omitted] What can you say about the statements made in the press, which everyone heard?

[Lessage] I will give you the same answer again. What they said in the press is one thing; however, what the police found is a different matter. [passage omitted]

[Reporter] [Passage omitted] But this is not the only matter pending. Are the police going to, in the not-too-distant future, inform the population about the status of the investigations into all the other crimes that have been committed [words indistinct]?

[Lessage] I would say yes, to the extent that it is possible. Sometimes you are conducting an investigation, and the police have certain information.... [changes thought] I mean, in order for the investigation to be successful, in order to not hinder the investigation, the police won't tell you about certain things. It depends on the specific case. [passage omitted] I'm sorry, but we are discussing a particular case, and I invited you to ask questions on the information I just gave you. [end recording]

So, there you have it. That was the news conference on the murder of young Gregory Delpe held at the General Headquarters of the Port-au-Prince police on the afternoon of Sunday 9 July.

MOP Members Meet To Replace Party Leader

FL1107163489 Port-au-Prince Radio Nationale in Creole 1300 GMT 10 Jul 89

[Text] As you know, the MOP [Movement for the Organization of the Country], which is the political party founded by Daniel Fignole, is divided into several branches. Here in Haiti, there are two MOP's, and there is another branch abroad.

The MOP members residing both in Haiti and abroad met in a general assembly last Saturday at the Club Internationale on the Freres road in Petion-Ville in order to get agronomist Gerard Philippe Auguste to resign as the head of the MOP. Many party members and sympathizers from all over Haiti attended this general assembly, which was held to discuss (?this matter).

This matter is particularly significant because of the current context, especially the current crisis in Haiti. The MOP's policy has strayed greatly from the party line since the death of party founder Professor Pierre Eustache Daniel Fignole and Mrs (Fernande Tenor) and (Ulrick Joseph), Mr Marc Guillaume said. We will have you listen to an excerpt of what Mr Guillame said during last Saturday's big assembly.

[Begin Guillaume recording] The (?morality) of agronomist Gerard Philippe Auguste (?has been questionable) at Damien and elsewhere. Agronomist Philippe Auguste ran around openly with a little private secretary who was still a schoolgirl, without respect even for his family home. [Words indistinct] that once he took this little secretary to Pestel on the occasion of the festival of Saint Joseph and went around holding hands with this girl during a walking tour of the town, and Vice President Marc Guillaume and I [as heard] had to intervene to stop that nonsense.

But the worst was yet to come. Agronomist Gerard Philippe Auguste, leader of the MOP and a minister of the government, greatly scandalizing the family with whom we were lodging, insisted that this secretary sleep with him in his room! That was the last straw for everyone! And the following morning, after a night of debauchery, he shamefully (?passed out) on us at church in Pestel during the main mass attended by people from the four corners of Haiti.

This shows what poor judgment the man has, how immoral he is, and is proof of his scorn for the Haitian masses. [end recording]

Also, we remind listeners that Mr (Flaere Narche), another MOP member, told of an important statement that Mr Gerard Philippe Auguste made, which the MOP members cannot accept. In a conversation he had with Franck Romain [former mayor of Port-au-Prince who was allowed to go into exile in the Dominican Republic after taking refuge at the Dominican Embassy after the 11 September Saint Jean Bosco Church massacre] at Port-au-Prince City Hall, Auguste said that the Haitian people needed an Augusto Pinochet to make them toe the line. Mr (Flaere Narche) says they cannot accept such a thing, and that this is one of the reasons they are asking for Auguste to step down as the leader of the MOP.

However, all the initiatives that have thus far been taken to get Mr Auguste to resign have yielded no results. Consequently, in order to preserve the unity of the party, the MOP members have decided to set up a provisional committee that will be in charge of managing the party's interests until the next elections in Haiti. Mr (Federbe Guillaume) will be this committee's president.

We remind listeners that this resolution was adopted by a majority of MOP members and sympathizers at last Saturday's meeting at the Club International on the Freres road in Petion-Ville.

Soldiers Discharged, Sent to Civilian Court

FL1107165489 Port-au-Prince Radio Metropole in French 1600 GMT 7 Jul 89

[Excerpts] Two members of the Haitian Armed Forces [FADH] from Jacmel implicated in theft are being taken to court today. Here is our report.

[Correspondent Pierre Nazon Boliere] On the night of 19 to 20 March 1989, there was a big armed robbery in Carrefour Blockhauss in the La Vallee area. The police in

the area arrested four people: Sergeant Stenio Jean, enlisted man Yves Ruisseau, and civilians Jean Sergo Duree and Rousel Jean-Marie.

On Friday 9 July [date as heard], at approximately 1055, the Jacmel police sent these people to court.

The commanding officer of the Military Department of the southeast, Major [first name indistinct] (Saintil), and Captain (Jean R. Dufrene) from the Jacmel barracks summoned the press to the barracks. We met with these authorities, who explained to us that after a proper investigation and by virtue of the nation's Constitution, Article 267.3, and FADH regulations, these FADH members had been dismissed from the service and sent to court in Jacmel so that the court could decide their fate. [passage omitted]

That is what the commanding officer told us, (?adding that) the Army wanted to collaborate with the press properly, so as to have our country progress.

This is Pierre Nazon Boliere, Radio Metropole, Jacmel.

Alleged Soldier Killed During Beach Incident

FL1107170189 Port-au-Prince Radio Metropole in French 1045 GMT 10 Jul 89

[Excerpts] Rothschild Francois Jr, who is in the south of Haiti, has just informed us that there was generalized panic yesterday in Miragoane. [passage omitted] Go ahead, Rothschild.

[Rothschild—live by phone] It was a really unusual day for the residents of Miragoane, and it was a very difficult and very sad beginning of the summer vacation. An armed man allegedy a member of the Armed Forces, was killed after panic erupted at ('Tite Anse) beach, located a few kilometers from Miragoane. This armed man, who came from Port-au-Prince, allegedly a Presidential Guard sergeant, accompanied by his friends—who were also armed—created a commotion yesterday on the beach at ('Tite Anse), where there were many people, children among them—people on vacation, who were having a good time.

The incident occurred following a generalized brawl that broke out on the beach. During the brawl, a friend of the man who was killed was hurt. A few minutes later, the armed men beseiged the people who were on the beach by firing numerous shots into the air. They also fired on the people at shoulder level, in reprisal for the generalized brawl.

There ensued a scene worthy of the movies. All the swimmers scrambled into the sea. Other people took refuge in the area around the beach.

These armed men, who said they were members of the Presidential Guard, left the beach by forcing an individual who was in his car to take them back to downtown Miragoane.

When they arrived in downtown Miragoane, the armed men were identified by some Miragoane residents who had rushed back from the beach—these men who were trying to save their skins, and in the heat of the moment, one of them was killed by the people, which was shocked by the incident on the beach.

According to witnesses, the man killed was running amuck all over Miragoane, weapon in hand. The other men were then seized and taken to the police.

We don't really know yet if the man killed yesterday in Miragoane is really a Presidential Guard or not.

This is really an unfortunate incident, an incident that was really not expected yesterday, where some 1,500 vacationers were having a good time at ('Tite Anse) beach not far from Miragoane. The summer vacation has certainly started off very badly for the population of Miragoane. [passage omitted]

Weekend Fire at DHL Offices Possibly Arson

FL1107165189 Port-au-Prince Radio Metropole in French 1045 GMT 10 Jul 89

[Excerpts] The DHL offices located on the Bicentennaire burned down this weekend. According to the latest reports, the possibility that the fire might have been a criminal act should not be dismissed. DHL is an international agency specializing in express mail. It sends packages and documents worldwide. The Haiti branch of DHL has been in operation for about a year. The damages have not yet been estimated. [passage omitted]

However, we have here a press release from DHL, which we will read for you. It says: Despite the incipient fire at the DHL offices on the night of 8 July, we wish to inform our loyal clients that there was no serious damage done, and we will continue to provide service normally. [passage omitted]

Thus, apparently the damage from this fire that broke out at DHL over the weekend was not too bad.

Jamaica

Prisoners on Hunger Strike; Protest Trial Delays

FL0707005089 Bridgetown CANA in English 2029 GMT 6 Jul 89

[Text] Kingston, Jamaica, July 6, CANA—About 120 prisoners at the general penitentiary in Kingston, one of the island's maximum security prisons, began a hunger

strike on Wednesday, the "JAMAICA RECORD" newspaper reported Thursday. The hunger strike the prisoners say is to protest against the delay in court trials and the hearing of appeals.

When contacted by CANA, a spokesman at the Office of the Commissioner of Correctional services said that officers were in a meeting with Ministry of National Security officials and could not comment on the issue.

It is believed that the hunger strike was sparked by a search of the institution last month that resulted in the seizure of many dangerous weapons. However, the prisoners were quoted as saying that the long delays in trials and the hearing of appeals have caused great concern among them. Some prisoners have been in the institution for over four years awaiting trial and appeals to higher courts.

A spokesman for the appeal court registry acknowledged the delays in hearing cases but blamed it on the shortage of court reporters. Of a complement of 33 needed to serve the country, only 16 are on staff.

The general penitentiary was the scene of fighting among political factions two weeks ago in which one inmate was killed and 12 injured is overcrowded. [sentence as received] Built for 850, there are now 1,650 prisoners.

Antinarcotics Police Find Unusual Arms Cache

FL0807025389 Bridgetown CANA in English 0030 GMT 8 Jul 89

[Text] Kingston, Jamaica, July 7, CANA—Anti-narcotics police have stepped up investigations into the origins of an arms find in western Jamaica on Wednesday. The arms, which include a cross bow fitted with arrows, were described by police officials as new to the local crime scene.

The special squad in the Anti-Narcotics Division of the Constabulary Force, acting on a tip, went to a deserted house in the village of Cato, Westmoreland, some 120 miles west of Kingston where they found the weapons. The cache described as straight out of the movies by a police officer include a cross bow fitted with telescope and 11 arrows, a blow pipe with 14 poison darts, high explosives for making bombs along with hand written instructions, and a .38 calibre revolver with 40 rounds of ammunition and a stun gun. Also found were marijuana, a high frequency radio set, a small amount of cocaine, and military uniforms.

National Security Minister K.D. Knight, in commenting on the find, said that it was particularly sinister in significance.

Police officials believe that the weapons were used in the protection of a large shipment of marijuana which they say left the country recently. No arrest was made but the police high command said that the owners of the house were off the island and investigations will seek to determine if they were connected with the arms find.

Westmoreland, one of the most westernly parishes, is well known as a marijuana growing and export centre in the country.

Honduras

Bomb Defused at U.S. AID Radio Project

PA1107160189 Panama City ACAN in Spanish 1515 GMT 11 Jul 89

[Text] Tegucigalpa, 11 Jul (ACAN-EFE)—Honduran Police reported today that they defused a powerful bomb planted yesterday at the offices of a radio project of the U.S. Agency for International Development (AID) in Tegucigalpa.

According to official reports, the bomb, which consisted of eight dynamite sticks, a clock, and batteries, was found by special agents aided by specially trained dogs

after an anonymous phone call alerted office employees to the bomb's presence.

Along with Honduran businessmen, AID is sponsoring a project called "Avance," which edits the weekly "EL AGRICULTOR" newspaper, which in theory is for peasants but is actually sold in urban areas. "Avance" also plans to produce a radio program to pave the way for the possible opening of a national radio station to reach Honduran farmers, 74 percent of whom are illiterate, a fact that has kept "EL AGRICULTOR" from reaching its intended audience.

As of today, no subversive group operating in Honduras has claimed responsibility for planting the bomb in the offices of the AID project.

Nicaragua

Ortega Says Cuban Drug Trial Exonerates Managua

PA1107184989 Managua BARRICADA in Spanish 8 Jul 89 pp 1, 5

[Report by special correspondent Ernesto Aburto]

[Excerpt] Buenos Aires—Nicaraguan President Daniel Ortega has said the Cuban Government's investigations into drug trafficking have proved Nicaragua is not involved in these activities. Ortega made these statements at the Jorge Chavez Airport in Lima, Peru, yesterday during a brief stopover on his trip to Buenos Aires to attend Argentine President Carlos Saul Menem's inauguration.

President Ortega met with Menem yesterday evening to discuss the regional situation, and he also met with OAS Secretary General Joao Baena Soares.

Ortega added that the U.S. Government, nevertheless, is preparing a report implicating the Nicaraguan Government in the Cuban drug trafficking case. It has become routine for Washington to try to involve our country when investigations and scandals of this nature occur in Central America or the Caribbean, he said.

President Ortega reported that Nicaragua will promote the demobilization and repatriation of the contras in Honduran territory during the upcoming Central American summit.

Ortega noted that the reason for U.S. Vice President Dan Quayle's recent tour through the region was to weaken the presidential summit by introducing topics that were not on the agenda. The president added: "However, I have spoken to Costa Rican President Arias, and he also agreed that the summit's main concern is the contras' demobilization."

President Ortega arrived at Buenos Aires' Ezeiza Airport at 1530 (1230 Managua time) and flew from there to the centrally located Aeroparque Airport, where he was received by outgoing President Raul Alfonsin.

At his hotel, Ortega received OAS Secretary General Joao Clemente Baena Soares, who informed him that the OAS report on Nicaragua's compliance with the Salvadoran agreements was not ready yet.

Last night, after meeting with Argentine President Carlos Saul Menem at the Alvear Hotel, President Ortega reported they held a cordial conversation. Ortega said they exchanged opinions on the Latin American situation and on problems that plague the entire region and can only be resolved through an effective joint Latin American effort.

Ortega noted: "We agreed that the Central American agreements, which all the region's presidents have signed and to which they are committed, must be fulfilled." [passage omitted]

FSLN To Announce Candidate After 19 July

PA1107172489 Managua Radio Sandino in Spanish 1930 GMT 10 Jul 89

[Excerpts] Nicaraguan President Daniel Ortega has confirmed that the ruling Sandinist National Liberation Front [FSLN] will hold talks with opposition parties that registered for the elections. This dialogue will be held to reach an agreement on proposals concerning the implementation of the electoral and media laws. Ortega made statements last night after his arrival from Argentina, where he attended Carlos Menem's inauguration. [passage omitted]

In remarks to Nicaraguan reporters who traveled to Argentina, Ortega said the FSLN candidate for the February 1990 elections will be announced after the festivities to commemorate the 10th anniversary of the revolution's victory on 19 July.

Referring to the intentions of the United States and of certain opposition parties to accept the official elections results only if the FSLN loses, Ortega said it is not a question of pleasing the Americans or pro-U.S. political groups. He said, it is a question of complying with the country's legal process, which contemplates the holding of elections which we will hold regardless of what the United States and the opposition want.

It was also reported that Ortega and Venezuelan President Carlos Andres Perez discussed the Central American situation, the Panamanian crisis, and the Nicaraguan electoral process in Caracas last night. Ortega and Perez met at Maiquetia International Airport during a stopover by the Nicaraguan president's airplane.

According to a Venezuelan presidential spokesman, the two heads of state met alone for more than 1 hour. They discussed the search for a Latin American solution to the Panama crisis, considering that the deadline for the OAS mediation in the Panamanian situation ends on 19 July.

Ortega and Perez were later joined by the following: Nicaraguan Foreign Minister Miguel D'Escoto; Cuban Foreign Minister Isidoro Malmierca, who was traveling on the same plane; Venezuelan Presidency Minister Reynaldo Figueredo; and Simon Alberto Consalvi, Venezuelan ambassador to the United States. [passage omitted]

Defense Official Views Revolution, Economy

AU1107133389 Frankfurt/Main FRANKFURTER RUNDSCHAU in German 11 Jul 89 p 2

[Interview with Sandinist official Omar Cabezas, chief of the "Defense Committees" in city districts and villages, by FRANKFURTER RUNDSCHAU staffer Stephan Hebel: "I Hope That George Bush Will Not Get Angry as Easily as Ronald Reagan Did"—date and place not given]

[Text] FR: You must feel yourself driven into a corner. The United States and its allies constantly accuse you of committing sins against democracy. Now you have come to the FRG and realize that people within the so-called solidarity movement suspect that, in light of outside pressure, your government has been "social-democratized." Has the revolution become less revolutionary within the past 10 years?

Cabezas: According to our analysis, we must do what is necessary and possible at any given time. We have to do all this without making any concessions regarding our principles that might endanger the future of the revolution. We wanted to make greater progress, but war and aggression have prevented this. Despite all the flexibility we have displayed, we will always maintain the fundamental mechanism to further the revolution.

[Hebel] What are the decisive issues on which you will not make any concession?

[Cabezas] Agricultural reform and the nationalization of banks, for example. It is impossible for the army to be nonpolitical. Some foreign countries are concerned about problems in a very naive way. For example: At the beginning of the revolution, we had neither a war nor outside pressure. There were no elections, and we even had ministers belonging to other parties. I am not saying that we will never again have ministers from other parties. What I want to say is that one must not consider this a step backwards in the process of the revolution or as a deviation from our original revolutionary plans, but that the rate of the acceleration is changing. Some very romantic comrades of the solidarity movement have been disappointed by some of our measures—for example, our economic measures (budget cuts, dismissal of public employees—the editors). However, if we had not resorted to these measures, the Nicaraguan economy would have been destroyed and the revolution crushed.

[Hebel] This sounds as if "there is revolutionary hunger and nonrevolutionary hunger."

[Cabezas] What was important was to save the revolution by maintaining power so that we can cancel the cuts at a later stage. Whenever such measures are taken in the capitalist world, for example in Bolivia, Venezuela, or Mexico, the objective is to save one class, namely the bourgeoisie. These people will never have the opportunity to improve their situation because they do not have the power. After all, all mechanisms are applied to benefit the bourgeoisie and their economy. This is different in Nicaragua. We had two possibilities: either lay off 20,000 Nicaraguans or accept 200,000 unemployed and declare that the revolution has failed and that the Yankees have ruined us, and that that was it. There was no other possibility; this is what was most painful for us. In other words: using a mechanism that saves the bourgeoisie is one thing, and using a mechanism applied by the revolution to save the future of the revolution, is another thing.

[Hebel] What is your idea of a different future for the economy and society of Nicaragua?

[Cabezas] The vital issue for us is the election in February. Why? Because the problem of our economy has a name; it is called war. It does not mean that the Sandinists are unable to do certain things or that they are stupid or not smart enough. There were a number of economic experts in Nicaragua before we resorted to these economic measures. There were capitalist, socialist, and communist experts; there were people from all schools of economic science. All of them—the Chilean socialists, Cubans, people from the GDR, North Americans, and English—said: Apply this measure as soon as possible. Cut your budget because your economy is fictitious. There is no other remedy than to regain the resources that are tied up in the war and return them to the economy. If we fail to achieve that, and if the United States continues its aggression, it will ruin us. The elections are vital for us because they aim specifically at preventing Americans from continuing the war. As long as supplies are not sufficient, the economy will be inflationary. We have directed our efforts to carefully reactivate the productive sector to increase supplies.

[Hebel] Many observers say that your problem is not only the war but also being dependent on the so-called First World, a dependence that is as strong in Nicaragua as in other Latin American countries—the dependence on imports and on world market prices for products for export. Do you not think that the problems of Nicaragua will remain the same even without the war?

[Cabezas] There will be economic problems as long as we fail to completely transform the model of accumulation. If one wants to avoid being dependent on the coffee price, one must invest in the industry. To do that, one needs technology, factories, and many other things. However, this is not a question of one's will. Take Cuba, for example: Cuba is also subject to the price problem, yet it has already experienced 30 years of revolution and there is no war. They receive Soviet support, yet nobody accuses them of applying a wrong economic policy.

[Hebel] What is the state of the peace process in Central America?

[Cabezas] Everything depends on the United States in this respect. As long as the North Americans continue to try to implement their policy and interests in Nicaragua and Central America by force, there is hardly any chance of peace. However, one has to help the North Americans.

[Hebel] From your point of view, has the United States already taken any positive steps?

[Cabezas] Bush has not given any signals yet, and there have been no significant signs of a fundamental change. However, I would also like to say that we feel that Bush is a more pragmatic man, while Reagan was more emotional. I hope that Bush will not get angry as easily as Reagan did. We want to have the same relations with the United States as with any other country. We want to sell our goods at good prices. What we are asking from the United States is nothing but normal relations between civilized states.

[Hebel] The contra movement is virtually dead. Where is the danger that the United States may pose for you?

[Cabezas] The problem is that the contra movement is dead but that it has not yet been buried. It must be buried, but we cannot bury it because the United States leaves it in Honduras. The contras have killed almost 1,000 people since the signing of the agreements of Costa del Sol (Dissolution of the contra forces in Honduras—the editors) in February. We have followed with great concern how they have created the impression here in Europe that there is no longer a war in Nicaragua. The truth is that they continue to kill us, and that they exert great pressure through the war, while here the people get the impression that there is peace in Nicaragua.

Nicaraguan Envoy Comments on 'Undeclared War'

AU1207095789 Prague RUDE PRAVO in Czech 11 Jul 89 p 7

[CTK report: "Serious Consequences of an Undeclared War; the Ambassador to the CSSR on the Situation in His Country"]

[Text] Prague—On Monday [10 July] Ramon Bayardo Altamirano Lopez, ambassador of the Republic of Nicaragua to the CSSR, on the occasion of the approaching National Day of his country—the 10th anniversary of the Sandinista Revolution (19 July)—met with Czechoslovak journalists in Prague. Among other things, the ambassador stated that the undeclared war against his country along with the extensive economic blockade has cost Nicaragua at least $16 billion during the past 10 years. Export potential has fallen approximately 4-fold, the national income has been reduced 12-fold, and foreign indebtedness has increased 3-fold. Regarding this, he thanked the Czechoslovak people and the people of the other socialist countries for their help and solidarity.

He defined the collectivization of the land and the liquidation of the properties belonging to big landowners as being the main results of the Sandinista Revolution and the subsequent social changes in society. The government has paid and is paying great attention to the gradual rebuilding of the monocultural structure of the economy which should secure the country's higher export capability.

Elections are being prepared in the country for February of next year and observers, who will monitor their democratic and free course, have already been invited to the country.

Honduran Request for Fewer Diplomats Viewed

PA1107175089 Managua BARRICADA in Spanish 8 Jul 89 p 6

[Unattributed report: "Honduras Creates Artificial Conflicts"]

[Text] Nicaragua will study, on the basis of the Vienna Convention, the Honduran Government's request to reduce Nicaragua's diplomatic personnel in Tegucigalpa in proportion to the number of Honduran diplomatic personnel in Managua. According to Vice Foreign Minister Jose Leon Talavera, however, "we will reject and protest the charges that we allegedly interfered in Honduras' domestic affairs."

"We will issue a statement based on a sovereign position," Vice Foreign Minister Talavera said when asked about this issue, adding that the principles established by international agreements on diplomats will prevail.

The official believes this is an artificial problem intended to harm our country, which not only scrupulously respects international laws on sovereignty but which, as is known by even the International Court of Justice, has suffered a great deal domestically because of Honduras and the United States.

Talavera linked Honduras' demand to U.S. foreign policy, which is using new blackmail and pressures. He said this is shown not only by Washington's use of a "stronger tone in its statements" about our country but also by the aggressive actions being carried out by counterrevolutionaries in Honduras.

Talavera linked the new escalation in the Bush administration's aggressive policy to a number of provocations by Honduras and El Salvador just after Salvadoran President Cristiani took office. He added that there have been constant seizures of Nicaraguan fishing boats "through real acts of piracy."

The Foreign Ministry reportedly will issue a document in response to the Honduran Government. It will state its rejection of the false charges by Tegucigalpa, which are

based on statements by an individual who was dismissed by the Nicaraguan Interior Ministry and who reportedly confessed in Honduras that attacks were planned against Honduran political leaders.

Panama

Ritter Responds to U.S. General's Statements

PA1107203389 Hamburg DPA in Spanish 1916 GMT 11 Jul 89

[Text] Panama City, 11 Jul (DPA)—Panamanian Foreign Minister Jorge Eduardo Ritter today described as "arrogant, disrespectful, and unacceptable" the statements by General Marc Cisneros, commander of the U.S. Army South, who recently announced that he supports an invasion of Panama to remove General Manuel Antonio Noriega.

Ritter added that Cisneros' statements and the constant deployment of U.S. soldiers and war materiel in areas that have reverted to Panama constitute "an offense to the country and Latin America, because they violate the canal treaties, the most basic rules of coexistence, and international law."

Ritter announced that the Panamananian representation will present a protest note to the UN secretary general and Security Council today to "vigorously reject U.S. measures to frighten civilians and provoke the Panamanian military."

As for Washington's decision to step up security in areas near the Panama Canal because a bullet fired by a Panamanian soldier made its way into a U.S. colorels's residence, Foreign Minister Ritter said that that "is a laughable story."

"If that is true, it must have been a bullet with the world's longest range, because (according to them) it was fired from a Panamanian armed forces garrison and hit a house several kilometers away," Ritter said. He added that "the United States is actually trying to provoke an incident to justify large-scale action."

Ritter also refused to admit that the tripartite dialogue involving the military, opposition, and government, which was proposed by an OAS mission to reach an accord in Panama, has failed, because "one cannot say that something has failed when it has not even begun." He explained that the opposition, government parties, and other groups have called for different dialogues, "which have boiled down to two monologues."

The foreign minister said that U.S. threats contribute absolutely nothing toward promoting the establishment of a dialogue in Panama. Ritter added that "when Washington changes its attitude, a gigantic step will have been taken toward consolidating the dialogue" recommended by the OAS.

Addresses Dialogue Issue

PA1207001189 Panama City Circuito RPC Television in Spanish 2320 GMT 11 Jul 89

[Report on statement by Foreign Minister Jorge Ritter in Panama City; date not given]

[Text] Panamanian Foreign Minister Jorge Ritter said that the national government will not have a celebration on 14 July.

[Begin recording] [Ritter] There is nothing for 14 July. The government had proposed a national holiday to commemorate the French Revolution's bicentennial, but the Legislative Assembly concluded its period of sessions without discussing the bill. Anyway, the French Revolution's bicentennial continues and the French Revolution will always be an important historical event, even if there are no formal celebrations or if it is not declared a holiday.

Also, the lectures which had been given and the exhibitions which have been held to commemorate the event will give us a moment to reflect. But it will not be a holiday because the Legislative Assembly could not discuss the bill declaring a national holiday, and it is the only one authorized to declare it. [end recording]

Concerning the frustrated call for a dialogue between the parties in conflict, Ritter said:

[Begin recording] [Ritter] We have two monologues, not a dialogue. I do not believe that the dialogue will occur as long as certain attitudes are not put aside and, above all, as long as the United States does not stop its continuous aggression and threats. I thought that the moment had arrived, but I was wrong. The United States' continuous aggressions seem to be sending a message to a certain group: The dialogue is not necessary because the situation in Panama will be solved by force.

[Reporter] Does this mean that the government does not foresee a solution to the crisis for the time being?

[Ritter] I do not want to talk on behalf of the government. I was merely making a personal statement. The president of the republic himself must be the spokesman concerning the overall crisis; I am not authorized to speak on his behalf. However, on a personal basis, I believe that the dialogue can hardly occur as long as the United States' attitude continues. [end recording]

Protests U.S. 'Provocations'

PA1207010989 Panama City Televisora Nacional in Spanish 2339 GMT 11 Jul 89

[Interview with Foreign Minister Jorge Eduardo Ritter on 11 July by unidentified reporter; place not given—recorded]

[Text] [Ritter] The provocations carried out by the U.S. Government, in addition to being absolutely unacceptable, are an affront to the country. Mainly they are a

great affront to Latin America, because they violate the Panama Canal Treaties, the Armed Forces Statute, and elementary rules of international coexistence. In short, they violate all the basic principles on which international law is based.

I feel it is regrettable and unacceptable that this should have happened. Today, our permanent representative to the United Nations will present to the UN secretary general and the president of the Security Council a detailed report of what occurred in Panama last week. He will also make the appropriate protest to that organization, to state for the record our objection to and our vigorous rejection of the procedures being used by the United States to intimidate the civilian population and provoke the Panama Defense Forces.

[Reporter] Mr Minister, political analysts have said that the dialogue that was promoted by the OAS foreign ministers has become a dead issue and has failed. What can you say on the subject?

[Ritter] I think that one cannot speak of the failure of a dialogue that has not yet been started. Panamanians continue to hope for a solution by consensus, to hope that some day there will be a dialogue among the parties that were involved. Presently, a great effort has been made to hold a dialogue. The opposition has not attended. On the other hand, the opposition alleges that it has called for a dialogue and that the government has not attended. I believe that in sum, this constitutes two monologues; not a dialogue. However, I believe that Panamanians for a dialogue without conditions or preconditions.

Unfortunately, the continuous threat of aggression by the United States, the undue use of force, and the deployment of war equipment and troops at Panamanian installations do not contribute in any way to a dialogue in Panama, because there will always be sectors of the population who feel sure that it does not matter whether or not there is a dialogue and that the United States will provide the solution that is being sought.

Youth Group Members Picket Quarry Heights

PA1207004989 Panama City Televisora Nacional in Spanish 2350 GMT 11 Jul 89

[Text] Just a few minutes ago, a group of students from the People's Revolutionary Youth [JPR] finished picketing in front of the main installations of the Quarry Heights U.S. military base, headquarters of the U.S. Southern Command in Ancon Hill, to protest the wave of provocations by the U.S. Army against our country and the constant violations of the Torrijos-Carter treaties.

The students' protest prompted a military mobilization in the Quarry Heights area. U.S. soldiers in combat gear took positions in various strategic places behind the fence surrounding the military base.

JPR Secretary General (Alfredo Graell) explained the action:

[Begin (Graell) recording] We have come here to picket peacefully in front of these headquarters—the den of the U.S. Army South—to let it know that there are combative youths here and for them to respect the sovereignty of our homeland.

We have come here to express repudiation of the intervention, the imperiousness, and the intimidation to which our people and our country are being subjected. Our country is a peaceful, hard-working country and we are going to solve our problems internally.

We have come here to repudiate the warmonger, the psychopath Marc Cisneros. Like in Vietnam and Playa Cochinos, where he was defeated, he will find in Panama a people who are up in arms and who will also defeat him.

Therefore, above all, we demand respect for our sovereignty. We also want to take advantage of this occasion to appeal to all youths—regardless of their political stripe, religion, or ideology—to unite under a great national, anti-interventionist front and thus organize a major march of combative people against aggression. [end recording]

U.S. Support Sought for New Canal Administrator

PA1107233989 Panama City Circuito RPC Television in Spanish 2305 GMT 11 Jul 89

[Text] Today, the most important representatives of the Legislative Assembly delivered to the diplomatic corps accredited to Panama a copy of the law appointing a candidate to the post of Panama Canal Administrator.

The ceremony took place in the Legislative Assembly building. The purpose of this action is to seek international support to force the United States to comply with what is established in the 1977 Torrijos-Carter Treaties. The appointee, Tomas Altamirano Duque, pointed out that there was no U.S. diplomatic representative at the ceremony. He noted that if his appointment is confirmed by the White House, he will not turn the canal into political booty.

French Ambassador Not To Attend 14 July Events

PA1207012589 Panama City Televisora Nacional in Spanish 2349 GMT 11 Jul 89

[Text] Jacques Rummelhardt, French Ambassador to Panama, was interviewed by reporters this morning during a ceremony held at the Legislative Assembly, where he was asked about statements made by French Embassy officials to ACAN-EFE. According to these statements, the French Embassy will not participate in the 14 July events because of the political situation in the country.

Ambassador Rummelhardt denied making such statements. However, he said he would not make any statements concerning Panama's internal affairs. Using a play on words, Rummelhardt said that the 14 July events in Panama will take place between 7 May and 19 July, referring to the annulled Panamanian elections and the presentation of the OAS report in Washington.

We believe the attitude of the French ambassador is against the principles that led to the declaration of man's universal rights issued 200 years ago in France when the oppressed and the poor rebelled against the aristocracy and the oligarchy of the period. Rummelhardt's statements, which are self-explanatory, show his lack of respect for the people and government of Panama.

[Begin recording] [Rummelhardt] I see no communication problem. Statements on the bicentennial are made in Paris because the most important celebrations are held in Paris, which is logical. About 35 heads of states and governments will go to Paris and all statements are very clear and self-evident. As for Panama, I would say that it is a unique thing that this year the 14 July celebrations will take place between 7 May and 19 July.

[Reporter] There is talk that France does not support Panama's position on the situation in our country. Are you linking that celebration with Panama's internal affairs?

[Rummelhardt] I will not comment on the internal affairs of Panama.

[Reporter] Mr Ambassador, there was a misunderstanding regarding a note which supposedly came from the French Embassy.

[Rummelhardt] As far as I know, no note has been signed by me or by my assistants in that regard. I repeat and confirm that on 14 July, I am organizing a reception for French citizens.

[Reporter] The national government has a number of events planned. Will members of the French Embassy attend?

[Rummelhardt] On 14 July, I am organizing a reception for French citizens.

[Reporter] Will government officials be invited to this event?

[Rummelhardt] I repeat, it is an event for French citizens. [end recording]

COLINA Parties Hold Dialogue Without ADOC

PA1107154889 Panama City LA ESTRELLA DE PANAMA in Spanish 11 Jul 89 pp A-1, B-2

[Report by Camilo O. Baruco]

[Text] Last night, representatives of the eight COLINA [National Liberation Coalition] parties and the Authentic Panamenist Arnulfist Party [PPAA] resumed the national consensus dialogue in the absence of ADOC [Civic Democratic Opposition Alliance] parties at the Riande Continental Hotel in Tocumen. On 7 July, these nine parties agreed to "declare a recess until today, 10 July, to allow other parties that were also invited to join the national consensus dialogue," a communique issued by Government and Justice Minister Rodolfo Chiari de Leon states. [Former PPAA presidential candidate] Hildebrando Nicosia, who served as moderator during a meeting with the national and international press, said that "we regret the absence of ADOC parties very much."

The nine parties represented were: PRD [Democratic Revolutionary Party], Liberal Party, Panamenist Revolutionary Party, Labor Party, Democratic Workers Party, People's Party, National Action Party, PPAA, and Republican Party. Lieutenant Colonels Nivaldo Madrinan and Virgilio Mirones represented the Panama Defense Forces.

Nicosia said that "the absence of the three parties [that make up the ADOC] shows that they do not wish to cooperate." He began the national consensus meeting at 1900 by saying that "we will resume our discussions because this country urgently needs to find a solution to the serious crisis brought about by the suspension or annulment of the 7 May 1989 elections."

Nicosia told the national and international press that both parties [COLINA and ADOC] committed abuses during the elections. He added: "Since 1985 we have been calling through the press for a nonpartisan coalition to unite all Panamanians and to seek a solution to the crisis, because we knew perfectly well that we would reach an impasse, which is what happened during the elections."

Nicosia urged all citizens to join efforts to find a solution to the political crisis, because we must have a president, two vice presidents, a Legislative Assembly, and [corregimiento] representatives—which we do not yet have—by 1 September. He made these preliminary remarks prior to the beginning of a closed-door debate that the national and international press were not allowed to attend.

Moderator Nicosia said: "The goal of our discussion is to present all kinds of proposals. We have limited ourselves to what we have called orientation topics with alternatives and without preferences. Based on these nine orientation points, we plan to draft an agenda with specific proposals to be submitted to the parties for discussion."

In conclusion, Nicosia said that they will spend all the time necessary on these orientation topics to present specific recommendations for the participation of all parties, including those of ADOC. "The doors are open for ADOC parties to participate in the discussion," Nicosia said. "However, we can no longer interrupt the course of the negotiations and discussions," he added.

Paper on 'Manifesto' of Dignity Brigade

PA1107152789 Panama City LA REPUBLICA DOMINICAL Spanish 9 Jul 89 p 9

["Manifesto of the Dignity Brigade"—date and place not given]

[Text] Panama is a small nation in the center of America. It is a small strip of land that was desired by the various empires that saw in that land the opportunity to consolidate their control and power in the hemisphere. It was not until the emergence of capitalism as a system of exploitation that the United States was able to consolidate its imperialist strategies and to control, through the Latin American wealthy class, the people who in the past had carried out just struggles to liberate themselves from the Spanish empire. In other words, the desire to accumulate capital brought together class interest and a nation's natural inclination to control others, consolidating the empire through economic commitments and cultural assimilation.

Nevertheless, experience has been a two-way street and the colonized learned from the empire's tricks. Little can be concealed today about the colonialist appetite and no new strategy remains unidentified for long. That is why people organize their liberation struggles with their own innovative methods, some through a victorious revolution, others through the emergence of leaders who, at the command of regular armies, have been able to survive the fury of the imperialist sectors they confronted.

Panama's case is particularly interesting. General Omar Torrijos Herrera led a bloodless revolution that confronted imperialism through a national liberation war, based on raising the role of the common man to that of protagonist of this nation. The first phase of this revolution culminated with the signing of the Torrijos-Carter Treaty.

However, the United States has not been willing to turn over, as the treaty stipulates, a possession like the canal zone, where it has the military and strategic force to consolidate its hegemony. In the past, it had failed to comply with other treaties, resolutions, and rules of international coexistence.

Resolved to retain by force the valuable geographic space from which it intends to dominate the world, and knowing that the Panamanian people's resolve came to the fore after their leader Omar Torrijos' assassination, the "establishment," [previous word in English], Pentagon, Senate, CIA, and White House have taken aim against General Manuel Antonio Noriega, current defender of the Torrijist theory of freedom or death.

In alliance with Panama's elite and wealthy classes, the United States has tried to gain strength by implementing U.S.-style democracy. In other words, by having the dominant classes take turns in power. However, the United States is currently confronting a world of nationalist sentiment that will not allow another of its crimes to go unpunished: Gen Noriega is not a shield, he is a symbol. He has not only continued to strengthen the Torrijist philosophy within the Panama Defense Forces [FDP], he has made it possible for Panama to develop an irregular Army without an armed revolution characterized by bloodshed.

This document establishes the reasons for and the foundation of the Dignity Brigade. Upon this document rests the responsibility to protect the prestige of Panamanian patriots who are willing to surrender their lives to avoid surrendering their children's country to foreign customs and culture.

The Dignity Brigade's commanders and general staff have stated as much in this "Dignity Brigade Manifesto."

Panama's growth has been determined to a great extent by its geographic location. Coveted, as other similarly located areas have been throughout history, Panama has been successively besieged by expanding powers: Spain, England, France, and America. Looking far into the future, these powers have sought to control Panama's isthmian territory.

Foreign attempts to dominate and control national territory were always stubbornly resisted by every generation of Panamanians; men such as Cemaco, Urraca, Lorenzo, and Torrijos outlined, with their example, the untiring struggle of people resolved to build their own future.

Cleverly associated with events in Panama, the United States has used its economic and military power to oppress the Panamanian people and affect the various sectors of national life, after having experimented in

Panama for over 7 decades with a sophisticated form of neocolonialism, which has significantly undermined the country's ability to autonomously develop its capabilities and potential.

This imperialist practice would not have been successful without the obedient support of native economic groups which, taking turns in power, placed their elitist interests ahead of the country's sovereign interests.

Under General Omar Torrijos Herrera's leadership, during the seventies, Panama initiated a new restoration struggle designed to perfect Panama's sovereignty which for so long had been controlled by the United States. The new struggle's first goal was to erradicate the U.S. colonial enclave, built as a result of the opprobious 1903 Canal Treaty, which no Panamanian had signed.

Torrijos understood that if the old treaty was not eliminated, it would be impossible to reach new stages of progress and development that would ensure the equality of opportunities and conditions for all Panamanians, as proven by the dramatic situations in neighboring countries which have been rocked with confrontations resulting from age-old injustices.

Gen Torrijos' death alerted the generation to the conceptual and tactical mistakes that had blocked the progress of the revolutionary process he had initiated.

With Gen Noriega's emergence as commander of the FDP, conditions were secured for the Army to continue developing the Torrijist philosophy of military alignment with the nation's most authentic interests, among them the unavoidable execution of the Torrijos Carter Treaties.

The FDP's national, patriotic, and politically Latin American commitment, under the leadership of Gen Noriega, led to the unmasking of the United State's true intention of not relinquishing control of the Panama Canal in 1999 as stipulated in the canal treaties currently in effect.

This intention, manifested by the previous and current U.S. administrations, led to the political and economic aggression to which Washington is currently subjecting our country, once again bringing to the fore the Panamanian people's nationalist awareness, as has been done in cycles throughout the two countries' bilateral relations. Added to this is the reminder of the savage and tragic lesson of 9 January 1964. It is during this historic juncture that the Dignity Brigade emerged.

In response to the imminence of U.S. military action against our people, hundreds of Panamanians have voluntarily approached the various regional FDP garrisons seeking military training and preparations to enable them to confront the threats the fatherland currently faces. Today, there are thousands of volunteers who, regardless of their sex, race, religious persuasion, or political doctrine, are members of our brigade's battalions.

Our alliance with the FDP acknowledges the Armed Forces' guardianship of the fatherland's weapons which—since 1968—ceased to point menacingly at the people, but instead safeguards their freedom, independence, and sovereignty.

Since Panama is so fortunate as to have a regular Army that identifies with the people's ideals and hopes, by virtue of which it will confront U.S. imperialism with determination, it would be an unpardonable historic mistake for the FDP not to resist the risk of returning to its former role as the repressive arm of the political system the country left behind in 1968.

That is why this alliance, which does not constitute subordination but constitues our full identification with national goals, is also a long-term proposal based upon Torrijist philosophy, which supports this alliance against any foreign or internal efforts—regardless of their source—to hinder the national liberation plan.

In essence, a brigade member is a nationalist and a patriot willing to sacrifice his life for the sovereignty of his fatherland.

Consequently, he is anti-imperialist, which is the best way to be a Latin American internationalist identified with people who are struggling against all forms of domination and exploitation.

The solidarity of people beyond the governments that represent them has been one of the unifying elements in Panama's triumphant resistance to U.S. pressures.

This is the essence of internationalism. The Panamanian brigade member is a soldier who is always determined to fight for the fair causes of people on the continent and he is, all in all, an example of the isthmian soldiers who, joining the Bolivarian ranks, gave freedom and independence to other Latin American nations.

Ideologically, the Torrijist Brigade member has a genuinely Panamanian concept of the nation's future. He is convinced that the the nation's future can be determined solely and exclusively by those of us who have had the good fortune to be born under the protection of the Panamanian flag, and by those who have adopted the Panamanian flag as their own.

By virtue of this, the brigade member is also antifascist. He rejects sectarian doctrines and positions that are foreign to the spirit and feelings of peaceful, tolerant, and respectful people like the Panamanians.

Since peace is the Panamanians' natural pursuit, the brigade member's most highly valued gift is a prevailing peace that will allow the country to develop its potential to the fullest.

The brigade member believes that no Panamanian is unnecessary to the fatherland. Thus, he clings to life and defends it as the nation's most valuable resource. Nevertheless, he understands that life without dignity is nothing but the toleration and acceptance of slavery. Therefore, he will take up his weapon as many times as necessary so that we, the Panamanian people, will be deserving of freedom and the respect freedom merits among the free men and nations on earth.

Therefore, the members of the Dignity Brigade constitute the fatherland's people's armed branch. It is a branch that is willing to share with the regular soldiers the efforts demanded by the nation's sovereignty.

We believe this effort cannot be the sole responsibility of our soldiers since the fatherland, the nation, the country—which we all are a part of and which belongs to all of us—also expects all Panamanians, without exceptions, to participate in its defense when it is threatened.

If the soldiers' conduct is governed by doctrine, the volunteer brigade members' is governed by his ideology, which views patriotism as a moral, social, and political principle. This principlet promotes loyalty to the fatherland, pride in its past and its leading figures, and a pledge to defend its interests.

The volunteer's first impulse comes from the heart. In the brigade member, this impulse is reaffirmed by his determination to fight, his resolve, his motivation, and his willingness to prepare and train physically and mentally. The Panamanian brigade member knows that an armed confrontation with the U.S. invading forces would necessarily go beyond the boundaries of conventional warfare and would demand unconventional tactics and strategies.

Therefore, the brigade member trains civically and militarily in order to respond effectively to the "low intensity" conflicts promoted by the United States in anticipation of a total armed invasion.

The Dignity Brigade's presence nationwide is not limited solely to overcoming the current critical situation. It is a long-term plan in order to fulfill the Panamanian nation's and people's ultimate plan, which previous generations hoped for. This hope demands that we zealously observe the phases which, like the aforementioned eradication of the enclave in the canal area, must still be fulfilled to achieve the country's total independence.

Therefore, today's brigade members' combat positions will be filled in the future by his own children, who will be the heirs and repositories—as he is—of the great legacy of Panamanian dignity.
Benjamin Colamarco, Commander
Enrique Thompson, Commander
Major Arturo Marquinez (ret), Commander
Guillermo Ledezma B., Chief of General Staff

Argentina

Further Reportage on New Government Activities

Syrian Vice President Meets Menem

PY1107182189 Buenos Aires Domestic Service in Spanish 1600 GMT 11 Jul 89

[By Silvina Martinez Porta]

[Text] President Carlos Menem received Syrian First Vice President 'Abd al-Halim Khadam this morning. Vice President Khadam, who came to Buenos Aires to attend President Carlos Menem's inauguration, met with President Menem to say goodbye before leaving Argentina to return to Syria.

Menem Installs YPF Trustees

PY1107211189 Buenos Aires TELAM in Spanish 1750 GMT 11 Jul 89

[Text] Buenos Aires, 11 Jul—President Carlos Menem has described the Government Oil Deposits (YPF)—as one of the main pillars of the productive revolution to be promoted by the government. He has urged all Argentines to be reconciled because, he said, "under the current situation, we should not keep looking back to the past."

Menem made this remark during a ceremony at which Octavio Frigerio was installed as the YPF trustee and Eduardo Trachler as deputy trustee.

Menem said: "We have decided to confront the problems head on, to rebuild Argentina, and to have a country in which it is worth living.

Frigerio called on the private sector and workers to exploit the hydrocarbon reserves and use them as the spearhead of our economic development.

The ceremony was also attended by Interior Minister Eduardo Bauza, Public Works and Services Minister Roberto Dromi, Energy Secretary Julio Cesar Araoz, SUPE [United Trade Union of State Petroleum] leader Diego Ibanez, and senators and deputies.

Cavallo Meets Foreign Dignitaries

PY1107023489 Buenos Aires TELAM in Spanish 2316 GMT 10 Jul 89

[Text] Buenos Aires, 10 Jul (TELAM)—This afternoon Foreign Minister Domingo Cavallo met with about 30 ambassadors proposed by the new government, in accordance with Article 5 of Law No 20957 which regulates the operation of the Argentine Foreign Service. The Senate will have to approve these ambassadors so they can perform their duties with a plenipotentiary character.

The ambassadors, who are described as political because they are not career diplomats, received general instructions from the brand-new foreign minister concerning the development of the Argentine foreign policy.

On his first work day, the foreign minister also received this morning Georgiy Tarazevich, vice president of the USSR Supreme Soviet, who headed the Soviet delegation to the presidential inauguration. The Soviet delegation returned to Moscow today at 1700.

After administering the oath of office to Foreign Ministry secretaries, Cavallo received Pedro Simon, governor of Rio Grande do Sul State (Brazil), with whom he discussed, among other issues, the construction of the Sao Tome-Sao Borja gas pipeline, included in the integration treaty signed between the two nations.

Later, the brand-new foreign minister met with Diego Cordovez, his Ecuadoran counterpart; with Romanian Vice President Manea Manescu; and with Ethiopian Acting Foreign Minister Feleke Gefgle Giorgis, with whom Cavallo discussed general matters involving the strengthening of bilateral relations.

To finish his work day, Cavallo attended a supper at the Canadian Embassy at the invitation of Canadian Ambassador Clayton Bullis.

Under Secretaries, Aides Appointed

PY1107031289 Buenos Aires TELAM in Spanish 2145 GMT 10 Jul 89

[Text] Buenos Aires, 10 Jul (TELAM)—The executive branch has announced the appointment of under secretaries and other officials under the Presidency.

Jorge Horacio Gomez was appointed under secretary general of the Presidential Secretariat. Hugo Enrique Martinez Viademonte will be under secretary of Government Action, and Horacio Jose Guardado will be under secretary of Coordination.

Octavio Nestor Pinzon will be under secretary of Organization and Action, and Juan Antonio Franchino under secretary of Information Systems under the Public Function Secretariat.

The following secretaries were appointed in the Secretariat for State Intelligence: Police General Jose Roberto Scoppa, retired; Atilio Norberto Molteni; Horacio Rodriguez Larreta; Miguel Angel Baizan; and Carlos Lorenzo Canon.

The following officials were appointed in the Planning Secretariat: Hector Walter Valle as under secretary of Development Programming and Hector Amadeo Garcia as under secretary of Programming and Coordination with the Public Sector.

The following officials were appointed in the Legal and Technical Secretariat: Ricardo Pedro Radaelli as technical under secretary and Osvaldo Jose Perez Cortes as under secretary of Legal Matters.

The following officials were appointed in the Press and Broadcasting Secretariat: Esteban Ledesma as under secretary of Press, Broadcasting, and Social Communication, and Sandalio Gerardo Silva as under secretary of Control and Action.

The Science and Technology Secretariat will have the following officials: Luis Angel Cersosimo as under secretary of Coordination; Enrique Jose Cantilo as under secretary of Policy and Planning; and Carlos Alberto Sassali as under secretary of Computer Science and Development.

Enrique Kaplan was appointed Protocol general director.

Public Function Secretary Gustavo Osvaldo Beliz will also head the board of directors of the national Public Administration Institute.

Oscar Edgardo Lopez was appointed president of the National Commission for Promotion and Development of the Patagonia Region and Francisco Patricio Toto was appointed vice president of the same commission. The two officials will work representing the president having the ranks of ministers.

New Labor Officials Sworn In

PY1107023889 Buenos Aires TELAM in Spanish 2322 GMT 10 Jul 89

[Excerpt] Buenos Aires, 10 Jul (TELAM)—Labor Minister Jorge Triaca today announced that a bonus of 8,000 australes will be paid on 15 July and 20 August.

Triaca made this statement when he took the oath of office of those officials who have been appointed to the Labor Ministry. He added that this bonus will continue to be paid as long as the "economic emergency" persists.

The new labor minister said he believes unions and the business sectors will begin discussing July salary adjustments next week once the financial market and prices stabilize.

The following officials today assumed their duties at the Labor Ministry: Rodolfo Diaz, labor secretary; Santiago de Estrada, social security secretary; Guillermo Marconi, Labor Department under secretary; Delfor Gimenez, social security under secretary; Roberto Digon, Labor and Social Security Department under secretary; Gerardo Martinez, chief of the Advisors Department; and Nicolas Palacio, Technical and Administrative Coordination Department under secretary.

Moreover, tomorrow at 1500, Juan Alberto Pastorino will assume his duties as director of the Labor Relations Department, and Hernando Rubio will assume his post as deputy director of the Labor Relations Department. Both are career officials. The ceremony will take place at the Labor Ministry building at 26 Parana Street. [passage omitted]

Central Bank Authorities Appointed

PY1107173989 Buenos Aires TELAM in Spanish 2026 GMT 10 Jul 89

[Text] Buenos Aires, 10 Jul (TELAM)—According to Decrees 145 and 146, the executive branch has named Javier Gonzalez Fraga as president of the Central Bank and Antonio Ernan Gonzalez as the bank's vice president.

Manuel Domper, Pedro Camilo Lopez, Samuel Muzikanski, and Marcos Rafael Saul have been named as Central Bank directors "for the pertinent legal period."

The legal document also names Alfredo Jorge Di Torio as the Central Bank's auditor.

The three decrees [as received] were signed by President Carlos Menem and Economy Minister Miguel Roig.

New Committee Heads Announced

PY1107033089 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2325 GMT 10 Jul 89

[Excerpt] Buenos Aires, 10 Jul (NA)—The bloc of Peronist senators has announced the names of the legislators who will preside over the strategic Committees of Constitutional Affairs, Budget and Finance, Defense, Approvals, and Foreign Relations.

Juan Carlos Romero from Salta Province, son of businessman and former Governor Roberto Romero, will chair the Budget and Finance Committee, replacing Juan Trilla, a UCR [Radical Civic Union] senator from Buenos Aires. Trilla, in turn, will chair the Economy Committee.

Carlos Juarez, an attorney from Santiago del Estero Province and a former governor, will chair the Constitutional Affairs Committee, replacing Fernando de la Rua, a senator from Buenos Aires who currently is the senate's first vice president. De la Rua will preside over the Interior and Justice Committee.

Alicia Saadi from Catamarca Province, daughter of late Vicente Saadi, will preside over the Approvals Committee, replacing Juan Aguirre Lanari, a Liberal from Corrientes Province. Alicia Saadi's Committee will be responsible for approving the appointment of diplomats, judges, and military men whose nominations are submitted by the Menem administration.

Horacio Bravo Herrera, a man from Salta Province who for many years has struggled for amnesty and national reconciliation, will chair the Defense Committee, replacing Antonio Berhongaray, a UCR senator whose term is up at the end of 1989. Berhongaray will occupy a seat as deputy for La Pampa Province.

The coveted Foreign Relations Committee that was sought by Eduardo Menem, the senate's acting president, will be chaired by Julio Amoedo, a popular conservative senator who will replace Adolfo Gass from Buenos Aires.

Concerning the future of Berhongaray and Gass, the Peronists offered them the chairmanship of the Natural Resources and Auditing Committees, respectively, posts much less important than they sought. [passage omitted]

TELAM Officials Installed

PY1107211589 Buenos Aires TELAM in Spanish 1747 GMT 11 Jul 89

[Text] Buenos Aires, 11 Jul (TELAM)—Culture Secretary Julio Barbaro installed the new authorities of the TELAM News Agency at noon today. Barbaro presided over the board meeting at which the outgoing officials formally left the administration of the news agency to the new board presided over by Hugo Heguy.

The new president stressed his intention of reappointing the correspondents who worked for TELAM in the past in different parts of the world. "We will talk with Foreign Minister Cavallo about the issue during the week, "Heguy said, and added: "I am going to grant the same chance to all professionals who want to progress, who want to go looking for journalistic information, or who want to produce a new publishing style."

The new board headed by Hugo Heguy includes Jorge Miller as vice president, Roque Salvia as director, Anibal Binasco as journalism director, and Rodolfo Young as publicity director.

Culture Under Secretary Luis Duran and Social Communications Under Secretary Martin Oyuela also participated at the ceremony.

Defense Minister Luder on Military Problems

PY1107192089 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2210 GMT 11 Jul 89

[Text] Buenos Aires, 10 Jul (NA)—Defense Minister Italo Luder today clearly warned the military sector. In view of the serious national economic crisis, "there is no room for internal disagreements," he said. He also urged the military sector "to cooperate" in seeking appropriate solutions to end the splits within the Army and the trial of military officers for human rights violations.

"The military cannot continue to have internal disputes while millions of Argentines are barely managing to survive," the minister said. He added: I insist that the pending trials and the Holy Week and Villa Martelli rebellions be studied "case by case" until they are all resolved.

Commenting on the rebellions, Luder said: "Public opinion will reject all mechanisms that may create an atmosphere not in accord with current national priorities."

The defense minister made these comments today at a ceremony in which he installed the new defense sector secretaries Humberto Romero, Miguel Cucchietti, and Roberto Doglioli.

Regarding the need to fight subversion, Luder said: "All must contribute to this fight: the military sector cannot justify their actions by saying that they were complying with the orders of a constitutional government, because that only existed until 24 March 1976. On that day, the government was ousted and the military took power, dissolved the Congress, and compromised the independence of the judicial branch. In that way, all the controlling organizations that might have prevented the discriminatory way in which the military sector fought subversion were dismantled."

"All members of the Armed Forces must analyze their participation in the fight against subversion, and try to contribute to Argentine society what it needs now: unity among all Argentines. They must seek a consensus on urgent solutions to national problems—and not only to the military problems," Luder added.

He rejected the policy adopted by the Radical Government, saying: "It is not correct to keep a conflict alive for 6 years. No country in the world can understand that."

Commenting on the pending trials, Luder said that "more than 1,000 of the military men being tried have been pardoned." He added that the promulgation of the expiration and Due Obedience Laws "made it unnecessary to hold a plebiscite on amnesty, because an amnesty has already been granted in Argentina."

"Technically, an amnesty erases the judicial effects of a deed. Well, these laws have already erased them. In Argentina we do not need a universal amnesty; a general amnesty to those who are in similar conditions is already enough," the minister explained.

He then said: "We will analyze each of the cases that are now in the hands of justice."

Asked about the possibility of granting a presidential pardon to the military men being tried, Defense Minister Italo Luder said: "Only Congress can alter the terms of the Due Obedience Law, and only the president of the Republic can commute sentences."

He added: "We still have not (repeat have not) decided upon the best solution to the issue. We will analyze them case by case because these measures are naturally selective."

Asked whether the case of the sentenced military officers will also have to be decided upon, Luder said: "We have not decided about that either. The decision upon the pending trials is in the hands of the courts. In addition, there are also the cases of the military officers who have already had firm sentences handed against them."

Luder added: "This is the situation we inherited. Those amnesty laws benefited more than 1,000 suspects. We are now going to initiate a stage of analysis, a case by case study, in order to determine what should be done."

Commenting on the situation of Colonel Ali Seineldin, Luder said that the subject will be discussed with "the (Army) chief of staff as soon as he takes office, but I believe Seineldin's case should also be studied separately."

Luder said: "Some officers are currently facing inquests; others are serving disciplinary sanctions. Each case will have to be dealt with a sense of true fairness."

Luder then stated that his adminstration will seek to promote "the unity of the Armed Forces, will restore discipline and an adequate level of operational capability, will assign them specific constitutional duties and, will naturally subordinate them to the government."

Luder added: "Our primary objective is to end divisions within the Army. Those divisions have had very adverse effects, not only for the Army but also for the Armed Forces because it made them lose face before the Argentine society and the world."

Asked if Caceres' appointment will cause uneasiness among the sector known as "the painted faces," Luder said: "Each sector must understand that our priority objective is to restore unity, that this objective should come before their legitimate positions. Every sector must make concessions if we are to restore unity."

Luder said: "It is no longer possible to engage in sectarian disputes in our country, much less within the Armed Forces." He added that the "people are aware that millions of Argentines are struggling daily to survive and that no one should engage in this type of sectarian dispute any more."

He said: "We must all contribute to finding more adequate solutions."

Biographical Data Given for Army Chief of Staff

PY1107130889 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2336 GMT 10 Jul 89

[Text] Buenos Aires, 10 Jul (NA)—General Isidro Bonifacio Caceres, an official from Corrientes Province who has served as attache to former President Jorge Rafael Videla, will be as of this week Army chief of staff. General Caceres, who played an important role in crushing the Villa Martelli military uprising, is a cavalry officer; he therefore comes from one of the two most important Army units.

Caceres, of humble origins, cleared a path for his military career with his honesty and his studies, which led him to the first of his promotions in a series of superior studies courses he took in the FRG.

General Caceres, who will assume his new duties on 12 or 14 July, has been commander of the II Corps since December 1988.

Caceres, who will turn 55 in a few months, will assume his duties as Army chief of staff after fulfilling his duties as II Corps commander, seated in Rosario.

Caceres entered the national military school in February 1952. In 1953 he graduated as a sublieutenant and served in the 6th and 12th Cavalry Regiments.

In 1958 he was promoted to lieutenant, and in December 1962 to first lieutenant. After several advanced Army courses, in 1966 he was promoted to captain.

In 1971, after studying in basic command courses, he was promoted to major, and in 1973 he was appointed to the Army general command.

He took courses on staff assistance in the FRG in 1975, and was promoted to lieutenant colonel in 1976.

In 1979 he served in the 6th Armored Rifle Regiment. In 1981 he was promoted to colonel and served with the Army command. He was also appointed military attache to the Argentine Embassy in Brazil.

In December 1986, Caceres was promoted to general and was appointed commander of the 1st Armored Infantry Brigade, seated in Tandil. He has been serving as commander of the II Corps since December 1988.

Resignation of Vice President Martinez Cited

PY1107021689 Buenos Aires DYN in Spanish 1516 GMT 8 Jul 89

[Text] Buenos Aires, 8 Jul (DYN)—In his 4-page resignation addressed to the legislative assembly, Vice President Victor Martinez today pointed out: "As I leave my post, I only regret that I could not do all I wanted to do to help my brethren, especially the most humble. Nevertheless, my conscience is clear because I tried to do so."

Martinez's resignation, read by the secretary of the legislative assembly, states: "With regard to ethics and the law, and the respect I owe everyone, I must say that, in accordance with the law, my family has presented in due time an affidavit on my assets and their modifications."

The Martinez resignation adds: "I think it is appropriate to state that I am a member of no profit-seeking company, I possess no commercial, industrial, or agriculture and livestock establishment, and I have secured no credits from official or private institutions during my tenure in office."

In his resignation, Martinez adds: "The main goal of all my activities was to enhance the vice presidency, supporting with solidarity the distinguished chief executive, acting as president, or representing the head of state on many occasions as never before in the history of the Argentine vice presidency."

Later, Martinez listed his activities as vice president during the past 5 and ½ years, mentioning, among other points, his "efforts in national and international forums for development, peace, disarmament, nonviolence, the struggle against drug abuse and the ecological damage, and the strengthening of federalism."

In addition, Martinez said that, during his tenure as senate president, "no one was treated differently, and there was not a single labor conflict while I headed the senate."

Domestic Trade Secretariat Readjusts Prices

PY1107155489 Buenos Aires TELAM in Spanish 0433 GMT 10 Jul 89

[Text] Buenos Aires, 10 Jul (TELAM)—The Domestic Trade Secretariat [SCI] has announced that it has reached an agreement with various commercial sectors on basic recommended prices for four products.

According to the agreement, milk in plastic bags will cost 120 australes as of 11 July. French bread, at the size of 8 pieces per kg, will cost 280 australes as of today.

The price for the long-grain rice will be 250 australes per kg, and mate tea will cost 600 australes per kg.

The resolution establishing the price policy states:

Based on Law 20680 and considering:

"That the national economic situation is extremely serious, that the price system is chaotic, that the supply chain may be interrupted, and that there is widespread uncertainty regarding the price of goods and services;

"That the economic policy adopted by the national government creates the appropriate context for the stabilization of the main economic variables;

"That this measure is temporary and will be implemented only until a consensus of the mechanisms for the normalization of prices and the constant supply of goods and services is reached;

"That the SCI plans to reach this consensus by the end of next week;

"That the Legal Matters Directorate General of the Economy Ministry has given the decision the necessary legal converage;

"That this resolution is released in keeping with Law 20680 and Decree No 3, dated 4 January 1985;

"The Domestic Trade secretary resolves:

"Article 1. That those who produce, purchase, or sell goods and/or services included in Article 1 of Law 20680 cannot charge for them more than the price charged to each client at 0000 on 3 July 89. This price will be for payment in cash, free from bonuses, discounts, credit notes, or any other deduction considered part of the sale.

"Article 2. The enterprises included in Article 5 of Resolution No. 50 of the SCI, dated 14 May 1986, and those that have sold in the domestic market more than 400 million australes in the 12 months preceding the date of enforcement of this resolution must present a list of sale conditions and sale prices as of 0000 3 July 1989 to the national Directorate for Price Analysis and Supply of the SCI before 14 July 1989.

"Article 3. The current price policy for fruits; vegetables; fish; fresh, frozen, or refrigerated shellfish; fresh beef, and goods whose prices have been agreed on will continue.

"Article 4. Violation of the terms of this resolution or any attempt to distort it will be punished with sanctions established in Law 20680.

Article 5. This resolution goes into effect at 0000 10 July 1989."

Government Increases Fares; Interest Rates Down

PY1107183389 Buenos Aires DYN in Spanish 1116 GMT 11 Jul 89

[Excerpt] Buenos Aires, 11 Jul (DYN)—The government has approved a drastic increase in transportation fares. The increase in bus fares amounts to 250 percent and will be applied in two parts; train fares will be increased by approximately 350 percent as of 15 July.

As of today bus fares will cost 40 australes in the Federal Capital (yesterday they cost 20), and as of midnight on 15 July they will cost 70 australes.

Train fares will be increased on 15 July, when they will undergo a drastic increase of approximately 350 percent. The lowest priced ticket will go from 18 to 85 australes.

These measures were adopted yesterday as part of the economic program. The plan received favorable reactions from the exchange and financial sectors, but it ran into trouble where prices are concerned, especially the price of meat.

Interest rates decreased abruptly to between 15 and 17 percent per month, while the black market dollar was being quoted lower than the official rate, which has been set at 650 australes per dollar.

Economic Coordination Secretary Orlando Ferreres has stressed that the exchange rate that has been implemented by the new government is going to last "for at least 2 or 3 years," although he added that "I want it to last forever." [passage omitted]

*** Post-Election Survey Shows Economy as Factor**
33480193 Buenos Aires CLARIN in Spanish
28 May 89 pp 22-23

[Text] The economic crisis was the main reason that Carlos Menem was elected president in the Sunday 14 May balloting. Almost half of the electorate (exactly 47.9 percent) voted for him in hopes of reversing the current economic situation. This is the finding of an opinion poll conducted for CLARIN by the Center for Public Opinion Studies (CEOP) immediately after the elections. The survey covered the Federal Capital and Greater Buenos Aires, the country's two most important electoral districts.

The number-two factor in determining the citizenry's votes was the desire to guarantee the continuity of the democratic system. This factor motivated almost one-fourth of the voters (22.4 percent to be exact). The number three factor in the Argentine vote was to assure protection for the needy, a motivation of nine percent of the respondents.

In contrast, barely 2 percent voted with their sights set exclusively on preventing Peronism from coming to power, and exactly the same percentage of voters were out to punish President Alfonsin's administration (in both instances the exact figure was 2.2 percent). The survey thus shows that the people went to the polls deeply concerned about the economic crisis and rejected casting their ballots to punish the Radical administration or to vote against the Peronist candidate. Oddly enough, these were two central issues during much of the election campaign.

The Economic Vote

The poor, obviously, were the class most concerned about the economic crisis, as 56 percent of them voted on Sunday the 14th with the motivation to overcome it. But a high 47 percent of the middle class were also mobilized by the same goal. In contrast, just 28 percent of the upper class voted with their sights set mainly on surmounting the crisis. The poll also showed that the older the voters, the more concerned they were about the issue. The inadequacy of current retirement pensions clearly underlies this finding. The aforementioned concern reached its peak precisely among retirees.

In round numbers, 6 of every 10 PJ [Justicialist Party] and UCD [Democratic Center Union] voters decided how they would vote on the basis of economic reasons (in exact numbers, 64.7 percent in Peronism and 57.7 percent in the UCD). But a similar figure was recorded for CFI [expansion unknown] voters, which seems to show without much doubt that the Angeloz-Guzman ticket managed to garner a large number of Radical voters who were unhappy with their party's handling of public affairs. Without this alliance these votes could have gone elsewhere; it could be conjectured that many might have drifted to the UCD. A detailed analysis of the CFI votes shows, according to the CEOP poll, that almost 20 percent said they voted for this ticket to punish President Alfonsin's administration. This high percentage contrasts with the low number of voters of the other parties who said this.

The number three motivation for the vote on Sunday the 14th, assuring protection for the neediest members of society, is also related to the economic crisis, of course. As we mentioned, 9 percent of the population of Buenos Aires and Greater Buenos Aires voted with this in mind. One interesting finding is that, with slight variations, this motivation was of greater interest to young people than older adults and to the upper class than the lower class. Finally, almost 5 percent of the electorate polled voted for the principal reason of halting corruption in public affairs (4.8 percent to be exact).

The poll's findings clearly show that the main concerns motivating the Argentine electorate were directly linked to economic issues.

The Political Vote

The poll also found that a major segment of the population was concerned about maintaining the democratic system. In contrast to the voters who were motivated by a desire to reverse the economic crisis, well-to-do groups and the middle class were the ones who made their choice with their sights set mainly on democratic continuity. Another contrast was that the younger the voters, the more concerned they were about political issues.

The consolidation of the democratic system was the main motivation of UCR [Radical Civic Union] voters. More than half of those who chose the Angeloz-Casella ticket (exactly 53.9 percent) did so with their sights set on this issue, which hardly motivated the Menem-Duhalde or Alsogaray-Natale voters (about 5 percent). In contrast, the percentage rises to 11 in the case of United Left [IU] voters. Oddly enough, 25 percent of those who decided to cast a blank ballot said that they did so precisely to guarantee democratic continuity.

The tough and delicate issue of human rights moved into the background in this election, in contrast, perhaps because most people regard it as having been resolved. In any event, 11 percent of the Vicente-Zamora voters were motivated mainly by the defense and strengthening of human rights. UCD voters were next in their concern over this issue in the poll, with 7 percent.

Something more can be said about the so-called "penalty vote": in keeping again with the very small percentages that the poll revealed, it became clear that neither UCD nor IU nor CFI voters made their choice just to prevent a Peronist government (0 percent in all three cases). And just 6.2 percent of Radical voters went to the polls mainly with that in mind. As we have said, however, almost a quarter of CFI voters cast ballots to punish the administration. But only 2.8 percent of the Peronists and 4.2 percent of the UCD voters cast ballots for this reason.

The Motivations of the 14 May Vote

Motivation	Voters of Total	PJ	UCR	UCD	IU	CFI
To reverse the economic situation	47.9	64.7	26.6	57.7	22.2	66.7
To insure democratic continuity	22.4	5.8	53.9	4.2	11.1	9.8
To assure protection for the needy	9.0	12.9	0.9	—	25.9	—
To end corruption	4.8	5.8	3.1	—	—	—
To punish the Alfonsin administration	2.3	2.8	0.9	4.2	—	19.6
To prevent a Peronist government	2.3	—	6.2	—	—	—
To carry out privatizations	1.8	—	3.1	9.9	—	5.9

The Vote by Sex

The poll showed practically no differences between men and women in the motivations of their vote. Around 47 percent and a fraction of both were motivated by a desire to surmount the crisis, while women were marginally more concerned than men about the issue of democratic continuity (24.6 versus 20.1).

The 'Decided' and 'Undecided' Vote

Although the undecided were the "stars" during the campaign, 65.7 percent of voters in Buenos Aires and Greater Buenos Aires had decided how they were going to vote 6 months before last Sunday the 14th. But a substantial 14 percent made up their minds less than 5 days before the elections.

Seventy percent of the Peronists, 67 percent of the Radicals, 62 percent of IU voters, and 34 percent of UCD voters had decided on their vote 6 months in advance. Then, with the elections less than 5 days away, of these undecided mavericks 36.4 percent opted for Peronism, 34.3 percent for Radicalism, a substantial 16.7 percent for the CFI, and 12.4 percent for the UCD. The poll confirms the forecasts of pre-election surveys: Peronism got off to a better start than Radicalism; then the UCR regained some ground in the ensuing months, but Justicialism ultimately wound up garnering more undecided voters than the ruling party.

For its part, the UCD captured most of its undecided voters (those who decided less than 6 months in advance) between 30 and 60 days before the elections (almost one-fifth of its votes). Forty-three percent of the CFI's votes were decided on in the 5 days prior to Sunday the 14th.

When Voters Made Up Their Minds

When	Total	PJ	UCR	UCD	IU	CFI
6 months in advance	65.7	69.9	67.1	33.8	63.0	29.4
4 to 5 months	3.0	3.9	1.5	—	—	19.6
2 to 4 months	3.0	3.2	0.9	7.0	11.1	5.9
1 to 2 months	5.3	4.1	6.2	19.7	—	5.8
2 weeks to a month	4.0	2.8	5.6	7.0	—	—
5 to 15 days	4.3	4.3	3.1	7.0	—	—
Less than 5 days	14.0	14.8	10.9	23.9	25.9	43.1

The table shows how the voters of each political group made up their minds as the elections drew near. Since the percentages refer to each individual party, the table does not show how voters were leaning towards one or another group. As the article states, for a time undecided voters were turning in somewhat greater numbers to the UCR. Towards the end, the trend shifted in the PJ's favor.

Splitting Tickets

Eighty-six percent of the electorate in the capital and Greater Buenos Aires did not split their tickets, according to the CEOP poll. But a significant 37.8 percent of those who decided on their vote during the final days resorted to ticket-splitting.

The Peronist Vote

The main concern (or motivation) of Peronist voters was to reverse the economic crisis. Some 64.7 percent of Justicialists decided on their vote with this in mind. The second leading motivation (12.9 percent) was to protect the neediest segments of society. Tied for third (at 5.8 percent) were democratic continuity and attacking corruption.

The Radical Vote

Radical voters were mainly concerned about guaranteeing the continuity of the democratic system. Some 53.9 percent of Radicals cast their ballots for this purpose. The number two motivation was the resolution of the economic crisis (26.6 percent). Third was the desire to prevent a Peronist government (6.2 percent).

The Free-Market Vote

The economy was the main motivation for the UCD vote, as it was for the Peronists. Some 57.7 percent of the UCD electorate voted for this purpose. Privatizations came in second as a motivation with 9.9 percent. Third came the defense of human rights (7 percent).

The Leftist Vote

Protection of the neediest segments of society was the main motivation of the United Left vote. Some 25.9 percent of its voters said as much. Coming in second was the economic crisis (22.2 percent). Then, tied at 11.1 percent, came the defense of human rights and democratic continuity.

The CFI Vote

Of those who decided to vote for the CFI, 66.7 percent (the highest percentage of all parties) were motivated by the economic crisis. A substantial 19.6 percent of the Confederation's voters had the declared purpose of punishing the Alfonsin administration. The third motivation (9.8 percent) was democratic continuity.

The Virtues of Each Candidate

What attributes of their candidates did the voters of each party consider most? In Menem's case, first his charm; then, his honesty; third, his track record; and fourth, his up-front style. And in the case of Angeloz? First, his image as a statesman. Then, his voters thought highly of his intelligence. Third and fourth, but not far behind, came his personal track record and his trustworthiness. And what did voters see in Alsogaray? First, intelligence; then, political skill, closely followed by statesmanship and then, lagging far behind in fourth place, his track record.

*** Farm Sector, Peronist Leaders Discuss Problems**
33480192c Buenos Aires LA PRENSA in Spanish 20 May 89 p 10

[Text]

Farm Groups Meet With Leaders of Peronism

Peronism and agricultural groups today began traveling down the road that could lead to a large wheat harvest, amid a demand by these organizations for a "stable and clear" foreign-exchange policy and amid criticism of the government's decision to boost export withholdings.

The Justicialist leaders attending the meeting stated that these gatherings would continue, indicating that there will not be "discriminatory pricing policies for producers."

The groups will request an "urgent meeting" with the secretary of agriculture, livestock, and fishing, Ernesto Figueras, to consider the possibility of taking concerted measures that would promote an increase in wheat acreage.

They also expressed their willingness to reach a consensus with both the current administration and with the newly elected authorities to spur such a measure.

The meeting was called by Deputy Eduardo Bauza, one of President-elect Carlos Menem's closest colleagues.

In attendance were the presidents of the Argentine Rural Association, Guillermo Alchouron; of Coninagro [Agricultural-Livestock Intercooperative Confederation], Leonida Gasoni; of Argentine Rural Confederations, Benito Legeren; and of the Argentine Agrarian Federation, Humberto Volando.

The latter was accompanied by leaders Rene Bonetto and Daniel Boo.

The Buenos Aires minister of agrarian affairs, Felipe Sola, Cordoba Deputy Humberto Roggero, and Justicialist technicians Horacio Figueiras, Marcelo Avogadro, and Aldo Biondillo hosted the event.

The Leaders Speak

At the close of the meeting, which began at 1015 and lasted slightly over 2 hours, Alchouron said that the views expressed by the groups were "more or less homogeneous."

He regarded it as "fundamental" to have a "proper treatment of [foreign] exchange that promotes production and does not result in these manipulations, which have caused uncertainty for production."

He reaffirmed the Rural Association's stand in favor of "a single, free exchange rate" and "stable" ground rules "that instill confidence in producers."

He also repeated what he had told Menem to the effect that agriculture could produce an exportable surplus of $10 billion during the coming season.

For his part, Gasoni also felt that it was indispensable to have "clear indicators for the exchange rate, which at the moment is the only specific reference point to assure suitable prices for producers."

He contended that "there can no longer be any talk of costs of production, support prices, or anything like that, because as a result of its instability the austral is of no use in providing guidelines."

He indicated that we have to "take advantage of foreign-trade conditions, which are favorable, and the exchange rate should in no way be discriminatory."

In this regard, he asked that "it not be lowered arbitrarily through withholdings like the ones ordered yesterday."

As for the administration's decision, he felt that it is "an isolated measure that is not part of any strategy, of any plan, and is clearly a disincentive for production."

Legeren, in turn, agreed with Alchouron and Gasoni in calling for "clear ground rules."

He said that in this framework "we want to talk with Dr Figueras, and this is why we are asking for an urgent meeting to see whether we can come to terms with him and with Justicialism on backing any strategy designed to bring about a substantial rise in the wheat crop."

He repeated his call for a "single exchange rate" for "no discrimination through withholdings. We want the next administration, when it takes office, to deliver on this business of no to withholdings," he underscored.

In conclusion, Volando took issue with what Economy Minister Juan Carlos Pugliese said about the sector allegedly being in good shape.

"Obviously," he stated, "he is very poorly informed, because producers are not withholding merchandise. They are selling it as they harvest to meet their most urgent commitments."

With regard to the meeting, he said that "it was a first organizational contact, because representatives, apparently authorized by the president-elect, were there to learn the opinion of the groups about how we can have a large planting and a large harvest."

He indicated that the sector is "prepared to sign an agreement that ought to include the current administration, the newly elected authorities, and the agricultural groups" and to sign it right away.

Both Sola and Roggero agreed that "negotiations have been left open to analyze all agricultural issues."

They said that they outlined Justicialism's concern about trying to plant 7 million hectares of wheat "to set the revolution in motion."

* Key Figures Define Menem's Economic Program

* Program Outlined

33480192a Buenos Aires CLARIN in Spanish
21 May 89 p 5

[Text]

Productive Revolution and Economic Consensus

The main card that Justicialism plans to play in tackling the current crisis is the politics of economic consensus, which will be put into practice before the new administration takes office. Justicialism's technical teams have been working on this since before the elections, as was shown by the accords between the CGT [General Confederation of Labor] and the employers' chambers (UIA-CAME [Argentine Industrial Union-Coordinating Agency for Mercantile Activities]). Nevertheless, other sectors feel that the crisis has to deepen further and that only after a "straightening out" of economic variables, at the cost of a further fall in the people's buying power, can a broad social pact come about.

On the external front, one of the items on Justicialism's agenda is to reach an agreement with the banks that will enable us to resume foreign borrowing. In exchange, sectors of Justicialism indicate that a generous arrangement for debt capitalization and incentives for the repatriation of capital would be offered. To counter the shortage of foreign exchange, in turn, an accord will be reached with agricultural and exporting sectors on the basis of a high exchange rate that would be passed on to producers in the form of high benchmark prices and smooth access to bank credit. Exporters could increase the quotas earmarked for external markets. Exporters of manufactures can rest assured that reimbursements, tax refunds and special programs will be maintained so as to provide further incentives for their overseas sales.

Withholding on exports will be maintained to offset the budget deficit, but changes will be made in the tax structure to reduce the number of taxes (the taxes on capital and net worth are being mentioned) and to decentralize other taxes by transferring them to the provinces and municipalities.

In addition, items of mass consumption will be exempted from taxes.

A way of consolidating the domestic debt will be sought through an extension of maturities.

At the same time, we will seek to expedite the loans that Spain and Italy have promised us.

Investment

The Justicialist hypothesis is that a distributive policy, as under the first Peronist government, cannot be implemented and that the accent must be placed on rechanneling investment. In this regard, two lines of action are suggested for labor policy. Some sectors are calling for changes in the labor structure that will serve as an incentive for capital, while the sectors most closely linked to traditional unionism insist that everything must be agreed upon within the framework of the joint labor-management committees. There is a consensus that the erosion of buying power and the high rates of

unemployment and underemployment cannot be corrected by nominal increases independent of a policy to create jobs and boost output.

* Domestic Debt

33480192a Buenos Aires CLARIN in Spanish
21 May 89 p 6

[Commentary by Jorge Benalcazar: "Domestic Debt Payable With External Negotiation"]

[Text] An analysis of the domestic debt in a hyperinflationary context like the present one could lead to the mistaken notion that it is explosive in and of itself.

We must bear in mind that the purpose of the policy of domestic borrowing was to finance the budget deficit and manage the money supply. The resulting high interest rate served to prevent a stampede into the dollar and to contain the demonetization of the economy.

The results are there to see. None of the monetary objectives have been achieved; rather, this perverse system has led to an unmanageable situation.

The discounting of bonds, combined with the fact that they are paid in australes, simplifies this issue greatly. Furthermore, thought cannot be given to shattering legal continuity.

The definitive solution will come from a sweeping change in the expectations of economic agents as a result of the change in national authorities. The credibility of the new administration and a comprehensive, consistent program will totally eliminate the current consolidations of the domestic debt.

The Argentine Republic finds itself in an undeclared suspension of payments, the unilateral nature of which creditors are temporarily accepting.

The foreign exchange that the country generates is earmarked for two basic purposes: to make interest payments and to buy the inputs and capital goods that our industrial machine needs. These two purposes have their counterparts in the creditor countries and have prompted differing views among exporters on the foreign debt issue. Some will attach priority to bailing out the banks; others, the need for the industrialized countries to export more to the debtors. Argentina must make wise use of this sharp difference of opinion in the central countries and show that its foreign exchange will continue to flow to them, but for the purpose of acquiring goods and equipment geared towards our modernization.

To this end, the goods-producing sectors that are today the victims of a ruinous economic policy must join in a social pact and spell out a basic program of stabilization and growth.

Under these conditions the Argentine Republic can conduct an international negotiation in which it can secure the maturities and interest rates that are indispensable.

* Public Sector

33480192a Buenos Aires CLARIN in Spanish
21 May 89 p 6

[Commentary by Rodolfo Frigeri: "Tax Simplification and Reordered Spending"]

[Text] The macroeconomic instability associated with a rapidly rising government budget deficit, extremely distorted public-revenue structures, wasteful government spending, and a lack of control that has generated corruption, demand an urgent review of tax policy and management, of the level and purposes of expenditures, and of the government's role in the economy.

There are fine tax experts and an extensive library on tax issues in our country, but we lack tax management.

We must move towards a simplification of the system by having only taxes that are hard to evade and easy to collect, thus focusing on a few levies.

The goal is to finance government spending in a genuine way and to prevent capital flight in combination with foreign-exchange measures. Another goal is to promote the allocation of resources into accumulation by reducing or eliminating taxes on productive investment (on capital, net worth, and profits) in cases of reinvestment.

Staple foods will be exempt, while distributive goals will be emphasized through government spending.

Concurrently, overall spending will have to be reordered in light of a detailed analysis of public enterprises, social spending, the social security system, etc.

There have to be cutbacks in government personnel, with retirements and layoffs outnumbering new hirings, and a system for redistributing staff must be brought on line.

Special emphasis will be placed on decentralizing activities into provinces, municipalities, and community agencies.

Government will be involved in the economy to assure the sort of harmonious operation that will enable us to achieve the objectives of growth, jobs, and social justice.

At the same time, economic regulations exist because the market is imperfect and has natural monopolies.

There is government regulation in the Western World. The government intervenes either directly or indirectly in the production of goods, although such intervention takes different forms in each country. In no case, however, is government not involved.

In Argentina today, however, we can see overlapping rules and regulations that must be reformed or eliminated. Accordingly, government must be transformed, both internally and in terms of its involvement in society, so that it becomes an ally of growth instead of thwarting the development of the country's economic potential.

We will proceed pragmatically in the area of privatization, in accordance with the characteristics of each situation, inasmuch as the transparency of procedures, the agreed-upon investment, the expansion plans offered, the social effectiveness of the activities, and the technology must be guaranteed.

In this area as well, the activities of national public enterprises will be decentralized into the provinces and municipalities.

* Wages, Jobs

33480192a Buenos Aires CLARIN in Spanish
21 May 89 p 7

[Commentary by Eduardo Bauza: "Social Pact and Wage Recovery"]

[Text] As for taking measures to lower inflation, we must first bear in mind that this is a complex phenomenon in which underlying causes and retriggering factors come into play.

Among the causes we have bottlenecks in the provision of goods and services and in foreign exchange, a poorly run government, etc., which undermine the economy's ability to meet demand. Among the latter factors we have short-term budget deficits (which are explosive given the low level of monetization), battles over income, expectations, indexing.

The anti-inflation strategy must attack the two fronts simultaneously, in other words, through short-range policies that bear on the retriggering factors (they are to be defined in the immediate operating environment), and through structural policies designed to introduce the in-depth reforms in government, finance, production, and job-market modernization that will enhance the supply of goods and services. The two kinds of policy must mesh perfectly, our conviction being that the structural courses of action are the ultimate underpinning of the battle against inflation.

Social Pact

Inflation also has to do with a lack of confidence, when clear-cut, permanent ground rules are not implemented. Accordingly, we are going to put together a Social Pact with norms that are approved by the various sectors and that are known to all before the administration takes office.

As for wages, a slow but steady recovery of real wages must begin as soon as possible within the framework of the proposed reforms, which by cutting nonlabor business costs (taxes, financial outlays) will provide more leeway for such a recovery and thus for its noninflationary financing.

In the medium term, the renewed investment that the proposal calls for will enhance productivity, and thus in the joint management-labor committees the workers will be able to reap much of the fruit of this productivity. Moreover, the current period has shown that wages are not a cause of inflation, inasmuch as there has been an unprecedented jump in inflation along with a marked deterioration of wages.

* Foreign Trade

33480192a Buenos Aires CLARIN in Spanish
21 May 89 p 8

[Commentary by Marcelo Diamand: "Export To Have Foreign Exchange"]

[Text] The public knows that foreign trade is important. Yet why it is important is not clear. The most important reason is that foreign trade is the only genuine source of foreign exchange. The more a country grows, the more foreign exchange it needs to fuel its domestic production and the more it has to export to supply itself with foreign exchange.

Industry is the fastest growing sector in the developed countries. It is also the main export sector. Thus, internal growth and growth in exports are two processes that converge more or less automatically. In our country, as in many similar countries that export raw materials, it is also industry that has the potential to grow most rapidly. But as a result of a strong bias against industrial exports that our foreign-exchange and protection system gives rise to, industry exports very little, and this automatic supply of foreign exchange does not exist. Therefore, our growth is accompanied by a permanent structural deficit in foreign accounts. The consequences are very serious. Just as a narrow bridge along a wide highway bottles up traffic, because exports are always lagging behind domestic production we have developed a chronic external bottleneck that limits our output to the level of available foreign exchange.

Our recurring crises, stagnation, and more acute episodes such as major devaluations with their setbacks for wages and with severe recessionary inflation, as at present, are the indirect result of this external bottleneck, aggravated by constant borrowing over the years.

To normalize our economy, recover, and grow, we must eliminate this permanent bottleneck without discarding import substitution within reasonable cost limits.

I should clarify that the point here is not to go all out for exports instead of developing the domestic market. The rapid expansion of exports that we seek is designed to finance the added essential imports that such growth entails and to thus eliminate this chronic bottleneck.

* Domestic Market

33480192a Buenos Aires CLARIN in Spanish 21 May 89 p 8

[Commentary by Eduardo Curia: "Reactivating the Domestic Market"]

[Text] The reactivation of the domestic market is a fundamental item in the Justicialist proposal. A primary factor in the extreme decay of the entire past decade has been the neglect of or deliberate attack on the domestic market, which accounts for more than 85 percent of national output.

The steady recovery of wages will help to invigorate the domestic market. This recovery must necessarily be viewed as one of the basic reforms that the proposal calls for: tax, financial reform. These reforms are designed to restructure business costs by helping to reduce the relative importance of fiscal and financial costs and by offering greater leeway with regard to labor costs without fearing inflationary pressures. Moreover, the resulting heavier demand will lessen the impact of fixed costs, a phenomenon that will also further stability.

This approach will unquestionably help to revive industries such as garments, textiles, and foods, among others. It will also promote the various links between industries through the mounting availability of loans at civilized costs.

In any event, we see this bolstering of grassroots demand as running parallel to the expansion of investment. This expansion, which will also help to enlarge the domestic market, will be based on discouraging the consumption of luxuries and on the improved existing conditions for capital formation.

The attention that the domestic market deserves does not make it an absolute, of course. Justicialism maintains that the domestic market can be made harmonious with access to world markets through prescriptions for exchange symmetry and by encouraging investors to respect this harmony.

* Farming, Industry

33480192a Buenos Aires CLARIN in Spanish 21 May 89 p 8

[Commentary by Alieto Guadagni: "Private Capital Without Government Support"]

[Text] In farm policy we will seek to develop the natural advantages that our country still has. We will seek to develop agriculture fully, without withholdings but with taxes on resources. We will introduce new capital-intensive technology and shore up the trade balance.

We will also see to it that industry becomes the underpinning for higher real wages. We will try to get industry to account for a mounting share of exports and to enhance its foreign and domestic competitiveness.

The energy sector ought to become a new production frontier. We will have to maximize revenue from oil and gas, overhaul the electric-power sector, which has been marked by disorganization and a severe shortage of funds, and overcome the sector's structural crisis so that this public utility enjoys the public's trust.

Roles

Each sector has a fundamental role to play: agriculture in its contribution to the balance of payments, and industry in jobs and wages.

In the energy sector we must eliminate some legal obstacles to the better utilization of our natural resources. In addition, we will need domestic and foreign private capital. Accordingly, our proposal is to socialize income and privatize development. We may not be able to rely on the capital that exists today, so in that case we will have to look for other options. At present we have a capitalism that is the child of government favors; we need a creative and productive capitalism with a strong government.

As for industrial policy, we must heighten the pressures of competition through the input of capital and also through the incorporation of new technology.

We cannot live in isolation from the world. Companies that market their goods not just on the domestic market but on the world market as well are better prepared to offer high wages.

* UIA Warns of Crisis in Production Sector

33480192b Buenos Aires LA PRENSA in Spanish 24 May 89 p 15

[Text] UIA [Argentine Industrial Union] Warns of Steady Erosion of Production Machine

The steady breakdown and erosion of the production machine has reached a critical extreme, and labor and management are making a supreme joint effort to prevent the chaotic and paralyzing effects from being fully felt, a declaration released by the Argentine Industrial Union about the current situation indicates.

It then goes on to express the following:

Hyperinflation

The two sides are further united by their awareness of the gravity of the situation, united not just in the daily task of production but also in enduring the sacrifice that

virtual hyperinflation is imposing, with its upshot of eroding wages, shortages, unemployment, shorter hours at plants, and above all, the anguish of uncertainty about job stability.

Industrialists and workers are trying to surmount these difficulties every day in their factories because they know that they are partners in the mission to produce and that abuses or excesses by either party lead inevitably to its fall and then to the other's.

Need for Urgent Comprehensive Measures

Therefore, the UIA, realizing that the art of governing is the art of foreseeing (anticipating events), urges those who are in charge politically at this special time for Argentina to forestall, within the constitutional order, the extreme exacerbation of the crisis, which is surely on the way, and to resolve this problem in the one way that other countries in similar situations have. Not with partial, temporary measures that only prolong the agony, but with a comprehensive plan that covers the entire economic spectrum and that is applied simultaneously, not in the form of staggered steps. And it must be done urgently, because another plan may be very good yet come hopelessly late.

Exhortation

To our workers: "We know that you are an indispensable part of the task of production and the weakest part of the system," says the UIA, adding that "we know that you understand how grave the situation is. We cannot make empty promises or promises that are impossible to keep. We can only assure you that we will do our utmost to remain united in our common task. We will go all out to lighten the difficulties that these times pose for us."

CAME [Coordinating Agency for Mercantile Activities]

For its part, CAME released a statement in which it says that "The policies pursued by the Executive Branch are directly to blame for this tragic economic and social crisis in Argentina today."

"The nation's president is legally entitled to remain in his post until 10 December but is not justified in placing his personal interests ahead of the higher interests of the nation.

"He must urgently take responsibility for the state of national bankruptcy that these economic policies have caused and punish the beneficiaries thereof.

"The consequences of this recurring approach, which does not further indispensable national unity, are also the responsibility of the Executive Branch."

* Soviets Expected To Lower Wheat Purchases

33480192d Buenos Aires LA PRENSA in Spanish 20 May 89 p 2

[Text] The Soviet Union, the largest grain importer in the world, will probably reduce its imports next season in the hope that the local harvest will improve, European traders said.

The Soviets' grain imports in 1989/90 (July/June) will probably total between 34 and 36 million tons.

On Monday the International Wheat Council (CIT) predicted that Soviet wheat and coarse grain imports would total 41 million tons in 1988/89. "Soviet imports of grains will decline next season, but a great deal will depend on the extent to which they can rebuild grain stocks and maintain heads of cattle," indicated a major British trader.

The trader added that the decline in the Soviet Union's grain stocks has been dramatic. The country has boosted its number of livestock even though the 1988 harvest was very poor, which has led to a sharp drop in reserves and to imports of large amounts of grains, the second largest in history.

Better growing conditions this season have prompted the CIT to up its forecast of the total Soviet harvest in 1989 to 215 million tons from the 195 million in the 1988 harvest, giving rise to the belief that the 1989/90 season will see a major fall in grain imports.

The CIT predicted Soviet wheat imports in 1989 at 14 million tons, after 16 million in 1988/89. Nevertheless, some European traders have cautioned that the Soviet Union's import needs could again reach 16 million tons next season.

Soviet imports of coarse grains in 1989/90 will reportedly total as much as 20 million tons. The CIT did not offer a prediction about next season but did set Soviet coarse grain needs in 1988/89 at 25 million tons.

Chile

Errazuriz: Menem Desires To Meet With Pinochet

PY1007185689 Santiago Domestic Service in Spanish 1030 GMT 10 Jul 89

[Text] Chilean Foreign Minister Hernan Errazuriz was asked in Argentina to organize a meeting between new Argentine President Carlos Saul Menem and General Augusto Pinochet.

This information was made known by Minister Errazuriz himself upon his arrival from Buenos Aires, where he represented the Chilean Government at Carlos Menem's presidential inauguration.

[Begin recording] [Errazuriz] At the beginning of our meeting, President Carlos Menem voiced his desire to meet with President Pinochet in the near future. We still have to set the time and place of the meeting.

[Journalist] What about the southern border conflict between Chile and Argentina? Did you discuss the subject?

[Errazuriz] No, we did not discuss it because there are other channels for this. This was not the appropriate occasion, as it was the swearing-in of a new government and we were there to express our government's support for this new government. [end recording]

Errazuriz noted that greater chances of cooperation between Argentina and Chile have been created and that this will help strengthen ties between the two nations.

The foreign minister said that he was able to appreciate the recognition by many countries of the world of the Chilean Government's painstaking efforts to improve Chile's position in relation to other Latin American countries.

* Gamut of Party Policies, Leaders Reviewed

* Leftist Coalitions Listed

33480198 Santiago QUE PASA in Spanish 1 Jun 89 pp 6-7, 9, 11

[Excerpt] It may take considerable effort, in reading the daily newspapers, to understand the reports of political developments. Still and all, the effort is sometimes futile; coalitions of various sizes, a marketplace of candidates, parliamentary slates which lengthen and shorten. For this reason, we are making a survey of the parties which jointly make up the center-right and the Concertacion. To be sure, we have synthesized. But our intention is to clarify the essence of each discussion—how the work is done to reach a certain conclusion and, obviously, what voices are really important in this difficult political maze.

The Disconcerting Concertacion

A bearded, heavy man of 43 with extensive political experience, despite his relative youth (he was a member of the Political Committee of Popular Unity in 1973) is the motive force or "battery" of the Concertacion. He is Enrique Correa, its executive secretary. As he is a good-humored fellow, as well as intelligent, he inspires good will. And he is not afraid of work, because he starts at 7:30 am and finishes when everything is done. He belongs to the MAPU [United Popular Action Movement] and the PPD [Party for Democracy].

He has an office on the third floor of a red building at 309 Alameda, the former headquarters of the "no" faction, and he works very closely with the spokesman for the Concertacion of Political Parties for Democracy, Patricio Aylwin, who is really, and daily, becoming more the Concertacion leader or executive than its spokesman. The fact is that a presidential air surrounds him. The Concertacion has now begun rebuilding the campaign network used by the advocates of a "no" vote. Great emphasis will be placed on the provincial organization.

Major Item

The Concertacion was born on 14 October 1988 (with the fiery triumph of the "no" faction) under the name Concertacion of Political Parties for Democracy, and with its "proposal for a national consensus" ready at hand. Currently, it is concerned with such problems as the opposition parliamentary slates, the program of the future government, the constitutional reforms, the candidate, and—on a deeper level—the future democratic regime.

With regard to the program, the economic, social, and institutional aspects have been delayed because priority has been given to the parliamentary slates and the constitutional reforms. But in general, there are major points of agreement.

With regard to the Parliament, the discussions have not grown any less heated. The PDC [Christian Democratic Party] will have to resolve the internal confusion caused by the defection of certain districts and regions to its colleagues in the Concertacion. Among those now outside the party is no less a figure than Rodolfo Seguel, who came from Australia in the hope of being a deputy. And on the other hand, this party continues to have its definite reservations about the PC [Communist Party], which is challenging it publicly. The PS-Almeyda [Almeyda Socialist Party] is proposing that the PC join in a PAIS [Broad Party of the Socialist Left] slate and compete there.

On the constitutional reform issue, the leftist parties do not want the potential for new amendments to be limited by the next parliament. They do not want Article 8 to include penalties, and they want those already approved against certain parties (PS-Almeyda, PC, MIR [Movement of the Revolutionary Left]) and individuals (Clodomiro Almeyda) to be revoked. They also want innovations in the parliamentary structure, and in connection with labor rights, they urge that the workers be allowed to organize and negotiate as best they see fit.

It is said that the Concertacion is being partially paralyzed by the difficult parliamentary slate and constitutional reform issues. If the reform allows an increase in the number of parliamentarians, this "struggle" will be left behind.

Mechanics

The heads of the Concertacion parties are meeting at least once a week—on Thursdays—at their headquarters at 309 Alameda. The heavyweights are the representatives of the DC [Christian Democratic Party], PPD,

PS-Almeyda, PS-Nunez [Nunez Socialist Party], and the Radical Party (PR). There are those who are saying little, for example, the representative of the PADENA [National Democratic Party]. Others never fail to use their time, as is the case with Juan Gutierrez, of the PS-Historico [Historic Socialist Party]. But their opinions do not get as much consideration as those of the representative of the other small party, Fernando Avila, of the MOC [Worker and Peasant MAPU party], who speaks briefly, precisely, and soberly. The differences that arise are a question of weight, those in the PPD say, because "there are parties and then there are parties."

The DC is a determining factor. A humanist leader complained that "if the DC is not represented at a meeting, the meeting doesn't take place." The Humanist Party (PH) and the Green Party (PV) are those which are sharpest and most challenging with the DC. Ricardo Lagos, as an individual, is also a decisive factor. He projects an image of great energy and capacity for internal manipulation. If he is not in agreement with Aylwin, it is like a train crash. A social democrat commented that when "he deigns to appear at meetings, the negotiations become more difficult. He operates on the basis of his interests."

Will this create an obstacle? Or will some other subject? Because to date, all the resolutions of the Concertacion have been unanimously adopted. And if there were difficulties, agreement was sought on the basis of the wording of the resolutions.

A humanist leader said that "in general, the left will compromise to a considerable extent in order to reach agreement."

Matters are worked out first and then discussed. Enrique Correa may have prepared the draft resolutions, working with the various commissions the Concertacion has. Correa meets daily with Aylwin. People in the PS-Almeyda say that the "germination" of the most important political decisions begins with a bilateral exchange of ideas between the DC and the Almeyda party, because both parties are faithful representatives of the thinking of the center and the left, respectively. Then the discussion is expanded to include other parties, although, strictly speaking, it does not always happen this way.

The Commissions

There are several commissions dealing with different subjects in the Concertacion. The "brain" is the Technical Committee, which was created in October of 1987. First, it set out to define all of the major steps in the "no" vote campaign, which was what it was asked to do. It is made up of 15 individuals. They are not members on the basis of any party quota, but because of their technical competence. The coordinator is Enrique Correa. The members include Ignacio Walker (DC), Ricardo Solari (PS-Almeyda), Gonzalo Martner (PPD), Eugenio Tironi (PPD), Manuel Antonio Garreton (PPD), Angel Flisfisch (PPD), Patricio Silva (DC), Jorge Navarrete (DC), Mariana Aylwin (DC), Claudia Serrano (DC), and Juan Gabriel Valdes (PPD).

This committee studies the major Concertacion issues, as well as strategies for taking up future leadership of the state. It analyzes surveys. Also, it maintains relations with the CUT [United Labor Federation] and with the women's sector, the church, and other areas. The committee proposed the use of the "case-by-case" criterion for the parliamentary slates (which was finally adopted), for example.

The committee supervises the functioning of the Concertacion commissions. One of its members sits on each of them. There is an international commission (Juan Somavia, PPD, is president), a trade-union relations commission (headed by Rene Cortazar, DC), and an electoral commission (coordinated by Carlos Vergara, PPD), as well as political-institutional and socioeconomic commissions. There are also the Concertacion of Women (Josefina Rossetti is executive secretary), the Youth Concertacion for Democracy (the coordinators are Yerko Ljubetic, DC, and Juan Pablo Letelier, PS-Almeyda), the Technical Cooperation Group, which will deal with the future government on the international cooperation issue (the coordinator is Sergio Molina, DC), the TV Studies Group, and the Human Rights Committee (Eugenio Velasco is president). Because of the delicacy of the issue with which it deals, this last group has made the least progress, which means there is still no agreement on the matter.

Possible Split

A highly placed leader in the Concertacion has said that a split is "extremely unlikely," and that it has "very solid foundations." Another said that "no party wants to pay the political cost which destroying the Concertacion would entail," although there are some, even in the DC, who would like to see it break down. And there are those who, in connection with the parliamentary issue, for example, said even at the most difficult times that "there will be agreement because there must be agreement." It is believed that this is the "most divisive" subject. There are those who say that if a split in the Concertacion were to occur, this issue would be the cause. And the result would be the emergence of two opposition presidential candidates and parallel parliamentary slates.

The PAC [Center Alliance Party] says that it would remain in the Concertacion if its program of government is moderate, if the future administration remains in the hands of the "little coalition," and if the PAC receives due consideration for the parliamentary leadership posts.

The members of the Humanist Party and the PV say, for their part, that they will leave the Concertacion if they are not given what they are demanding—one senator and

five deputies (three for the PH and two for the PV), and that in such a case they would nominate Jose Tomas Saenz as their presidential candidate. "Proceeding alone would give us strength as compared to the traditional methods of engaging in politics," one of their leaders said. "Even if we do not elect a single parliamentarian, Saenz would have interesting exposure on TV, with time guaranteed."

The 'Little Coalition'

This group has neither a president nor a spokesman. One of its members said that the leftist parties within the Concertacion believe that this is not their moment, and that it would not be possible to revive Popular Unity. But the original idea of the "little coalition" (which would govern with the support of the other 11 parties) has been superseded by the new strategy of a Concertacion government. A leftist leader commented that "the DC insists that the left wing should assume the commitments and the responsibility of the government. But can the left wing pay the price its participation in supporting exclusion (of the PC) would demand?"

The radicals are a separate subject. According to a member of this coalition, they are the "cunning ones." "The fact is that they are suffering some damage because of their relations with the PPD and the PH," he says. The presidential precandidacy of Silva Cimma, proposed by the PPD and the PS-Nunez, basically, struck a forceful blow for the "little coalition," because Silva Cimma would govern with the Concertacion. [passage omitted]

The Communist Party

This is a central subject in the debate on the parliamentary slates nowadays. What should be done with the communists? What will they do? There is disagreement with the line of this party. The PS-Almeyda says that it retains a "basic understanding" with the PC because "the two parties need each other for their respective political proposals. They have an alliance and a coincidence of interests in the long run."

The idea is for the PC to participate in the future democratic interaction. The attitude in the Concertacion today, however, is that the communists, after their last plenary meeting, have excluded themselves. Despite this fact, a leader of the PS-Nunez says, "It is necessary to challenge the PC, and not to try to hide it."

* Center-Right Studied

Santiago QUE PASA in Spanish 1 Jun 89 pp 11-12

The Disconcerted Center-Right

[Excerpt] When decisions do not have the approval of Jaime Guzman and Andres Allamand, they have no value. At least that was how it was until a couple of months ago.

In the UDI [Independent Democrat Union], as a result of Guzman's attack on Jarpa and his reluctance concerning the constitutional amendments, he was, for the first time, told to stop. Guzman will no longer be the president of the UDI. And in the RN [National Renewal], Jarpa, who had stayed in the background, has again taken up the reins.

Four parties make up the center-right. They are the UDI, the RN, Radical Democracy [DR] (they do not know how many members they have, but the number approaches 20,000), and the National Party (PN) (37,000 members).

It would indeed be necessary to add the "yes" advocates to the group which may constitute a majority—the independents. Some are members of the Free Democratic Center (CDL).

The PN, headed by Patricio Phillips, once flirted with the DC. Shortly after the plebiscite, there was a split. Although they bear a reputable label—that of the PN—and Phillips has some weight in the south, it has been clear since the National Union (UN) and the UDI were founded that the bulk of the right wing would not be found in the PN. Radical Democracy, headed by Jaime Tormo, is also a product of the various splits in the radical trunk. This is the reason that its weight is less.

Moreover, style of work would seem to be a problem. The fact is that Allamand and Longueira (secretary general of the UDI) are at work at their offices at 8:30 am. The day goes farther for them than for Tormo and Phillips...who take things more calmly.

In the final analysis, the heart of the matter lies within the RN (between 80 and 100,000 members) and the UDI (71,000 members). And the subjects being debated between these groups show that it is also true that rising early does not make the dawn come any sooner.

Lack of Unity

This is a basic and historic problem. Everyone hopes unity will be achieved. Perhaps this is as true in the opposition as in the UP [Popular Unity]. Hope was invested when the RN was organized. But when there was a split in April of 1988, the house of cards collapsed. It is believed that in the future there will be no political space for two groups which think alike (although they now have very different strategies). For the time being, however, unity is seen as impossible. There is mutual mistrust between the RN and the UDI. Guzman even turned Allamand's charge back against him. Some members hope that the problems will diminish when the UDI elects new officials in June. The more the new officers tend to continue the Guzman line, the more limited the possibility will be.

A merger of the RN, PN, and DR was attempted, and it was facilitated by the fact that the last two are aware of their limitations (they are not national parties). This undertaking did not prosper. The members of the PN, which believes that its role should be to serve as a buffer, do not want unity if the UDI and the CDL are not included, either. Others believe that these parties have a secret fear that they will disappear if there is no merger. It is unlikely that this can be achieved before the electoral registration deadline.

The Parliamentary Pacts

Salvation would lie in a single slate for the parliament. The law, however, is double-edged. If a party does not win more than 5 percent of the votes in the regions in which it is registered, it does not exist there, as such. This is the risk the DR and PN will be taking if they yield certain districts to the RN. But they also run this risk if they compete against them. The members of the commission are Fernando Maturana (RN), Pablo Longueira or Joaquin Lavin (UDI), Fernando Ochagavia (PN), and Enrique Schilling (secretary general of the DR). Theoretically, they meet once a week to study "progress" (thus far, there have been only steps backward). Each party has been asked to draft a list of parliamentarians. The RN submitted 58, the DR 33, and the PN about 40. The UDI proposed 50, very specifically, by name. This provoked criticisms. A representative of what Allamand called "UDI-stroika" proposed a smaller quota, which would give the RN 50 and the UDI 35, while the balance would be distributed among the four parties. The UDI says that it is necessary to make a survey of the candidates in the districts where there are more than two to establish who commands the most votes. The RN, for its part, criticizes the UDI for saying that it wants unity, but at the same time, it is not prepared to define the candidacies already launched (that of Joaquin Lavin, for example).

The discussion has cooled somewhat, for two reasons. If the parliamentary quota numbers were increased, this might please everyone. Aalso, the nomination of Jarpa for the presidency has led him, personally, to seek better relations with the UDI. By telephone (with Lavin on one end of the line and Allamand on the other), an effort is being made to find "noncombat zones." In another alternative, if the RN decides to proceed alone, the UDI will attempt to join the PN, the DR, and the independents.

Constitutional Reform

With regard to the constitutional consensus, it must be made clear that it was the RN which did almost all of the "work" with the DC. The UDI stayed on the sidelines, and it opposed some of the reforms suggested (elimination of the second congress or designated senators), while on others it kept silent (Article 8, for example), although the political realism-image problem will lead it to agree on this point. The PN is submitting to the RN. The DR opposes the reforms. "We are closer to Melnick and Rosende," Jaime Tormo told QUE PASA.

In connection with the government, the problem appears to the RN to come down to which is the "emerging power" and which is the "declining one." Its members maintain that to cling to the declining power is to "be buried with it." And they believe that the UDI is following that line, erroneously. There are two factions within the UDI—those who agree with the RN, and those who believe it impossible to separate projection of the regime from the defense of the government.

It therefore seems inexplicable to some that the RN has the DR, which firmly advocates the reelection of Pinochet, as an ally.

The Candidate

Jarpa is the man of the RN, although he does not have all of Buchi's votes. Is there anyone who can oppose the decision of the RN? Not very likely, but the efforts continue. Diez, Alessandri, and Monckeberg are not giving up, although their campaigns have "wings of lead." The UDI, although it sees the evidence that Jarpa will be the man, wants to die with its boots on. It insists on Diez. And its representatives are also lunching with Jose Pinera, in the hope of persuading him to be their standard-bearer. In the DR, they will nominate Julio Duran. If Jarpa is the man, it is clear that the impetus for the UDI to make an effort will be equal to what the RN had in connection with the plebiscite—loyal, but hardly enthusiastic. The matter will be settled on 15 June. The RN knows that Jarpa creates antibodies, including among the businessmen. For this reason, it will try to see that he appoints his cabinet immediately and that his team for the campaign is very much like the one Buchi had. [passage omitted]

*** Opposition, Government Talks Reviewed**

*** Constitutional Reforms**

33480201 Santiago QUE PASA in Spanish 24 May 89 pp 16-18

[Article by Ignacio Gonzalez Camus: "Constitutional Reforms Through an Intermediary?"]

[Text] On the weekend, worry began to gnaw at the minds of some members of the Concertacion and the National Renewal (RN). Minister Carlos Caceres was excessively slow in making a statement about the proposals he received from the two sectors during the week during his interviews with Patricio Aylwin and Sergio Onofre Jarpa.

Were the sectors resistant to a change in the basic charter creating many obstacles for Caceres?

Aylwin waited. On Monday, 22 May, Caceres telephoned him to make some strictly private comments about the Concertacion-RN proposal. A leader in the RN said that although he was surprised by the silence of Caceres, his announcement that the executive branch

would submit a proposal extending candidate registration by a month, and that there might be a plebiscite next August, was encouraging. He expressed his belief that the increase in the number of deputies and senators, although not specified by the minister in his proposals, is basic, above all for the opposition.

The technicians in the Concertacion-RN pairing had prepared everything very well on Monday, 15 May. They met in the study of lawyer Carlos Reymond, a member of the RN, on Moneda Street, from 6:30 to 10:30 pm. There was even general laughter when Enrique Barros (a member of the RN team) said, in a lapse of the tongue (made fashionable by Admiral Carvajal), that it would be best if all the senators were "appointed" (he meant to say "elected").

After agreement had been reached, Reymond drafted the document which was the basis for what Aylwin and Jarpa set forth in their interviews with Caceres (on Tuesday, 16 May, and Wednesday, 17 May, respectively).

The Concertacion-RN team approved 60 percent of the proposals set forth by Caceres, such as, for example, transferring Article 8, in the form of three paragraphs, to Article 15. But they proposed that the text, already modified by the minister, be softened. They would not agree to authorizing the president to limit the right of association or to unionize during a state of emergency because the exercise of this right might affect the parties or the trade union organizations. They also insisted on elimination of the secondary education requirement for candidates for seats as senators or deputies.

They rejected reelection of the president elected this year to serve for 4 years for an additional term. They also came out against giving the public access to the party political registers, even though these lists would remain at the Electoral Bureau.

The minister had proposed that the constitutional reform of Chapters I, III, VII, X, XI, and XIV of the Constitution require the approval of the president of the Republic and ratification by three-fifths of the acting members in the following Congress. But the commission proposed that the amendments be approved by three-fifths of the parliament, except for Chapters I, III, and XIV, which would require approval by two-thirds.

The main item among the amendments had to do with the number of parliamentarians and senators, as well as the constitutional reforms. Sources among the technicians in the Concertacion and RN told QUE PASA that Caceres was effecting a maneuver. He agreed to the increase in the number of senators elected, but on the other hand he would leave the chapters pertaining to the FFAA [Armed Forces], the Constitutional Court, and the National Security Council (in which the government has already agreed to incorporate the controller general of the Republic) exempt from amendment for 2 years.

Aylwin sent Caceres a memorandum on Thursday, 18 May, confirming that agreement had been reached on many points, but noting that four remained pending—the quorums for constitutional amendments, Article 8, the National Security Council, and the composition of the Congress.

The opposition thesis is that negotiations are not really taking place with Caceres, but with the FFAA instead—negotiations with a double target. The "northern generals" (located north of La Alameda, in other words in the Government Palace) are resistant to negotiation, while the "southern generals" (Zincke and others) want it.

There was concern in the RN not only about the delay, but about a related fact—the arrest of opposition leaders (Jose Sanfuentes, Sandra Palestro, and Rafael Maroto) as soon as the military prosecutor had reactivated a court proceeding dating back to 1986 and involving alleged offenses against the FFAA. A leading representative of that party said that it appeared to him almost beyond any doubt that the "hard-line" sectors had stirred up this action to block the renewed dialogue with Caceres.

But the parties in the United Left which are participating in the Concertacion take a somewhat hard line. They do not want to agree so readily. Given the enthusiasm of some Concertacion technicians who took part in the talks with the RN, they said that "they are like kids with a new toy, but other factors must be taken into account here."

The DC [Christian Democratic Party] and the PPD [Party for Democracy] are in complete agreement with the reforms. The PC [Communist Party] and the MIR [Movement of the Revolutionary Left] (although not a participant in the Concertacion) are against it. The communists say that "we will win afterward, just the same," and so they see no reason to be nervous. And they say that the dialogue "is a trap."

The PS-Almeyda [Almeyda Socialist Party] is making a face, as if swallowing something unpleasant. Its members say that the dialogue is positive, as the "first concrete evidence, institutionally speaking, of the defeat of the government last 5 October." But they are disturbed that the government is urging that the provisions pertaining to the FFAA be exempted from change for 2 years. Their idea is that it should be the government which takes the responsibility of calling for a plebiscite, and that a very low profile should be maintained for the referendum. Aylwin and Boeninger were informed again of these reservations on Sunday, 21 May.

A United Left leader said that after Caceres' response is known, "We will look at the package and make a decision." He added that "if today's agreement is less than what we could win tomorrow, we will not agree."

He said that if the opposition wins in December, there will be an atmosphere of euphoria. The triumph will build, and by March, when the installation should take place, it will peak.

But there was nonetheless a sense in the Concertacion and RN that this time the reform might win approval.

* Negotiations Analyzed

Santiago CAUCE in Spanish 29 May 89 pp 12-14

[Article by Jose Joaquin Brunner: "The Transition Advances"]

[Text] Almost 8 months have passed since the plebiscite which rejected an extension of General Pinochet's time in office. During this short period, significant changes have come about on the political scene. First, the personal power of Pinochet has diminished. The center of gravity of the regime has shifted successively toward Caceres, Buchi, the deputy commander in chief of the Army, and now again, it has settled on the minister of interior. Second, this shift in the center of the regime has allowed the internal disputes in the government between the "hard" and "soft" liners to flower fully. The first group clings to Pinochet, is fearful of the political process under way, and would like to halt any constitutional reform initiative. The other group is looking beyond the regime, is reaching out to National Renewal [RN], and is seeking to reach a political agreement in order to make constitutional reform viable. Third, the FFAA [Armed Forces] are moving away from the government and preparing to redefine their institutional role during the transition process. The Government Junta is gaining relative autonomy, and the representative of the Army within it has practically lost his prominence. On the other hand, the Army is now making the voice of its high command heard and is expressing itself more cautiously where the political protagonists are concerned. And fourth, in the right-wing political camp, a dynamic of regrouping and shifting influence is taking shape, moving clearly now in favor of National Renewal and isolating such extreme groups as National Advance and the sectors most closely linked with the regime, such as the UDI [Independent Democrat Union].

The New Institutional System

The clearest expression of the changes under way is found in the current process of convergence toward constitutional reform. A year ago, this convergence seemed impossible. Pinochet and the government asserted that the Constitution was untouchable. Broad sectors of the right wing, headed at that time by the UDI, asserted for their part that the Constitution was a containment dike holding back the threat of an opposition triumph, and they came out in favor of keeping it unchanged, or even "perfecting" it, thus making it more rigid. The first timid attempts by Minister Caceres to initiate political dialogue on constitutional modification foundered during a cabinet crisis initiated by Pinochet himself who was inspired by the "hard-line" wing of his collaborators.

Recently, however, this negative picture has begun to change, under the combined and converging pressures of efforts launched by the opposing Concertacion and National Renewal, to the point that we are today close to a time when an agreement might be reached on constitutional reform which would clear the path toward a plebiscite.

This agreement points toward a substantial change in the institutional foundations established by the 1980 Constitution. In fact, if the reform were implemented, the Senate would become representative again, the presidency would lose some of its autocratic aspects, individual rights would be effectively guaranteed during states of emergency, the military authority would be subject to limitations, the proscription of political ideas would be replaced by effective safeguards against antidemocratic conduct, and a balance would be established between the needed constitutional stability and the potential for carrying forward subsequent reforms.

The Gradual Path

It is probable that the reforms being discussed will not satisfy the highest hopes of any of the sectors participating in the negotiations. It is a question, instead, of points of agreement which bring the antagonistic demands closer together and leave the door open for later advances, once the complete transition to a democratic regime has been assured.

In any case, the progress achieved will have to satisfy the opposition for the time being because it is a fact that for the present, the necessary political conditions do not exist—nor would it be desirable for the country—to carry forward a maximal program of reforms now. What is needed instead is to obtain an institutional consensus which will channel the future political process and provide guarantees for the different sectors. The FFAA themselves, the Army included, seem to have understood this, and thus have become a part of this constitutional reform effort. The opposition should not overlook the importance of this fact, because it would serve its purposes and is of interest to the country to have a constitutional framework which is binding upon all of the principal protagonists in transition as clearly and solidly as possible.

Opposition Needs Consistency

From this point of view, it must be recognized that the Concertacion of Parties for Democracy has maintained an unchanging and consistent line on constitutional

reform. From the time of the National Agreement forward, in fact, the majority sector in the opposition has urged a gradual path, and has thereby facilitated the convergence and agreements on a redefinition of the institutional system.

The situation with the Communist Party [PC], on the other hand, is different, since on this, as on other issues, it has pursued a zigzag course and an ambiguous strategy. Its recent insistence on the path of "popular mass rebellion," which allows for the flexible use, depending on circumstances, of all forms of struggle, represents a serious hindrance to the normal development of the transition process. It suffices to contemplate what it might mean to any one of the representative parties of the right wing to adopt an equivalent position on their side of the spectrum, claiming the right to the use of the means of struggle and defining a consistent line advocating rebellion. Such a definition would certainly be rejected by all the other political forces, including, of course, the Communist Party. On the other hand, when the PC insists on its disruptive position, and to this end invokes the alleged right to recourse to violent methods, its own definition pushes it to the boundaries of the democratic system. This has the reactive result of hindering effective efforts to persuade the FFAA to abandon antidemocratic and extreme concepts of national security which turn the armed branches into an "armed party," and can potentially transform them into a continuing threat to the future democratic system.

The Climate of Opinion

While the various political forces and protagonists act out the transition scenario which is under way, public opinion remains moderate and confirms popular support of the process and the realism of its expectations. According to data obtained in a recent national CERC [Center for Contemporary Reality Studies] survey made between 7 and 24 April of this year, an ample majority of the citizens say they favor democracy and believe that it can contribute to resolving the problems facing the country. The CERC poll, which contradicts a widespread conservative thesis to the effect that democracy generates expectations beyond the capacity of governments and countries to fulfill, shows that public opinion is characterized by a high level of realism. Only 3 percent of the people believe that the new government which will be elected this coming December could resolve the economic problems within the first year. On the other hand, 45 percent believe that these problems can only be resolved in the long term, while 27 percent say the medium-time range. Young people between 18 and 24 are more realistic than older adults in this context. Similarly, 67 percent of those surveyed believe that the people are prepared to make sacrifices to improve the economic situation in the country.

The Leadership Imperative

It is not clear, obviously, that this climate of moderate opinion favorable to the demands of transition and national development will remain constant, whatever the future circumstances. On the contrary, it might be supposed that it will strengthen or weaken depending on the nature of the conduct of the leadership groups, and how they conduct themselves in relation to the various sectors of the national community.

This same CERC survey showed that while the image the opposition parties enjoy in the eyes of society has improved slightly, there is still an ambiguous perception of them. Also, this survey pointed out that the FFAA are viewed in a relatively positive way by society. This is especially true of the Air Force, followed by the Navy, the Army, and the Carabineers' Corps.

In short, if what is wanted is to maintain the current climate of moderation and realism which prevails in the country and represents the strongest capital in the process of transition toward democracy, the parties and the other key institutions and organizations must demonstrate actively that they have the capacity to lead the country along a path of coexistence and progress. An agreement on a possible "package" of constitutional reforms would serve to strengthen the atmosphere of moderation and limited expectations in this connection, confirming for the country that the capacity to agree and advance gradually in the direction desired by the vast majority does exist.

The Need To Produce Results

But leadership alone is not enough. It is necessary at the same time to demonstrate the capacity to produce results. Societies do not, in the final analysis, live by politics alone. They do not even do so primarily, although at special moments in the history of the peoples, politics may take on a dominant role and decisive importance. In this connection, the opposition must not only be effective in producing results on the level on which it is expected to operate, thus ensuring an effective and peaceful transition toward democracy and the emergence from its ranks of the first democratic government of the decade of the 1990's, but must also and simultaneously show that it is concerned with and has the capacity to direct the process of national development.

As the polls taken throughout the past 2 years have repeatedly shown, and as is confirmed by the CERC survey, the people demand work, worthy compensation, and a response to their health, education, and housing needs. Therefore the groups which propose to provide a government for the country beginning in 1990 must now be able to explain to the nation how they will seek to meet these requirements which, since they are the most basic ones, are simultaneously those most difficult to satisfy in a country which is semideveloped and plagued by profound inequalities.

It is true that the parties may state their views on many issues—ecology and the environment, ownership of the media, science and technology, etc.—and it is good that they should do so. But their primary responsibility is to

show that they have wise diagnoses and viable proposals as to how the country can consolidate and increase its economic growth, provide Chilean citizens with work, guarantee a reduction in the levels of poverty and inequality, and take charge of the citizens' health, education, and housing problems.

* Economic Impact of Fruit Ban Assessed

33480209a Santiago LA NACION in Spanish 28 May 89 p 15

[Text] "The crisis in the fruit raising sector took place at a time when the economic situation of the country was solid enough so that its effect will not compromise the general stability of the economy."

This was pointed out in a study by Jose Garrido, published by the University of Chile, on the overall economic effects of the fruit crisis.

The analysis states that, on the contrary, all indicators up to now indicate that 1989 will also be a year of economic growth, in the sense that, just as in 1988, the economy will continue moving forward in terms of jobs and incomes. This is how it should happen in a dynamic, market economy which has based its strategy for growth on the proper use of the resources available in free international trade and in the free initiative of individuals.

At the same time the study states that the crisis was like a "major earthquake" confined to a relatively small sector of the national economy which is an example of development for Chilean agriculture. In the past Chilean agriculture has suffered from strategies of growth which stimulated the artificial development of sectors of trade in which Chile had no possibility of competing.

Reaction

On the other hand, the study brings out the fact that the reaction of the political and economic authorities was quick and decisive, earmarking efforts and resources to lifting the embargo measures and resuming productive activity. The objective was to protect the jobs of an appreciable number of people in a sector of the economy which has expanded rapidly as a result of private efforts, taking advantage of its comparative advantages.

The study points out that, in accordance with official estimates, the impact of the crisis on the real growth of the economy in 1989 is in the order of 0.5 percent. The study adds that under the circumstances it will be difficult for the rate of growth of Gross Domestic Product to reach the level of 7 percent, as was the case in 1988, which, as far as that goes, cannot be sustained over the long term. In this respect it is appropriate to note that the overall program for 1989 contemplates a rate of growth of between 4 and 5 percent.

Finally, the analysis states that the fruit crisis not only has led to revisions of the projections for growth in 1989. It added: "The impact which the crisis may have on the future growth of the production of the agricultural export section may be more serious. A careful analysis indicates that the growth of the sector over the next 2 or 3 years will be determined, basically, by the investments made prior to the embargo. The impact which the crisis has had on investment projects in the fruit-raising sector still remains to be seen and will be reflected in the growth of the planted area over the next few years."

* Central Bank Releases Trade Balance Figures

33480209b Santiago LA NACION in Spanish 27 May 89 p 16

[Text] The Central Bank has stated that Chile's gross and net reserves amounted to $2,277.7 million as of the middle of April 1989.

According to statistics from the Central Bank, the Chilean trade balance (imports as against exports) showed a surplus of $305 million as of 14 April 1989.

The foregoing figure was derived by subtracting imports of $530.9 million from exports of $835.9 million.

In turn, the results in the balance of payments (the trade balance, plus the current account, which includes interest and repayment of the debt) as of the same date showed a surplus of $38.4 million. Projected for the year, the result will be $252.3 million.

Gross and net reserves as of the same date amounted to about $2,777.7 million, which results in a cumulative change for the year of $227.8 million. Meanwhile, the balance of international assets of the country amounted to $4,055 million on the same date.

Exports

Exports by product in the mining sector amounted to $438.9 million (of which $388.7 million were of copper). Agricultural and fish products amounted to $4,162.3 million ($126.1 million for fresh fruit). Industrial exports amounted to $234.7 million (including fish meal and cellulose).

Imports

Meanwhile, imports amounted to $100 million in the case of consumer goods (food and nonfood items). Semifinished goods were worth $335.5 million (including raw materials, spare parts, semifinished goods, and fuel and lubricants). Capital goods were worth $146.6 million.

Electricity Rationing Plan Implemented

PY1007153889 Santiago Domestic Service in Spanish 1030 GMT 10 Jul 89

[Text] The plan to ration electricity is being implemented as of today, Monday, 10 July. The plan provides for reduction of electricity consumption by 25 percent per month and the lowering of the voltage by 5 percent. This plan is being implemented due to the serious drought affecting the hydroelectric plants and will cover the region between Taltal in the north and Chloe in the south.

A decree issued by the Economy Ministry, which was published in the OFFICIAL GAZETTE on 8 July, authorizes the power companies to reduce the electricity supply, lower the voltage, and cut the electricity supply after giving prior warning to affected consumers.

Colombia

Mexican President Arrives in Bogota 10 July

PA1107135889 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 11 Jul 89

[Text] Mexican President Carlos Salinas arrived in Bogota tonight for a 24-hour visit. He will sign cooperation agreements, dealing mainly with trade. The Mexican and Colombian presidents will be issuing a joint declaration on the foreign debt and Latin American integration through the Group of Eight.

UP Leader Jaramillo Returns to Country

PA1107204089 Paris AFP in Spanish 1556 GMT 10 Jul 89

[Text] Bogota, 10 Jul (AFP)—After spending 130 days abroad, Bernardo Jaramillo, president of the left-wing Patriotic Union (UP), returned to Colombia today to urge the Castroite Army of National Liberation (ELN) to join the peace process being promoted by the Colombian Government.

Jaramillo, a 35-year-old legislator, replaced Jaime Pardo Leal as UP president after Pardo Leal was assassinated in October 1987. Jaramillo had left the country after receiving many death threats.

The ELN is the only Colombian subversive group that refuses to accept the peace proposals formulated by the administration of President Virgilio Barco and instead has increased its attacks on the country's petroleum installations to demand the nationalization of that industry.

Jaramillo asked the ELN to stop its violent actions, which, he said, do not in any way benefit Colombia.

The leftist leader said he is well informed about the country's political development and added that "the social and political environment has improved."

The Barco administration, he said, has begun to take measures to protect citizens.

"More security measures are needed, but some measures are being adopted," Jaramillo said. He stressed that if all the subversive groups decide to hold a sincere dialogue for peace, it would be very positive for the country.

* Trafficker Role in Maza Attack Detailed

* Army Infiltration Suspected

53002122z Bogota SEMANA in Spanish 6 Jun 89 pp 24-29

[Special report: "The Plot"]

[Text] The scene looked like one from World War II: a flare at least 10 meters high, a deafening noise, and then a huge gray cloud of smoke which, as it dissipated, revealed pieces of corpses, wounded individuals and totally wrecked vehicles. Seconds later, while the windows of buildings were collapsing in shards, General Miguel Alfredo Maza Marquez, director of the Administrative Department of Security [DAS], emerged from the ruined remains of a Ford automobile flattened to the ground because its tires had turned into something like melted plastic. Deafened but unhurt, Maza had just been providentially spared during a dynamite blast which cost six individuals their lives and left more than 50 injured.

A car bomb set off by remote control as the general's car passed the intersection of 7th Road and 57th Street missed the armored vehicle because the terrorists miscalculated by a fraction of a second. One of the light trucks escorting the general and a Renault 18 which had, just moments earlier, pulled ahead of the DAS caravan, took the worst of the impact. The armored vehicle in which the general was riding was seriously damaged, but a miracle had happened. A few minutes later the general was recounting what had happened at the Military Hospital, where he and two of his wounded bodyguards had been taken by a taxi driver.

I Accuse

It was precisely the general's account which served to dispel the speculations and various conjectures concerning those who might be responsible for the terrorist attack. In his view, this action had his name on it. And although there were those who tried to lay a false trail by making telephone calls claiming responsibility for the attack on behalf of the ADO [Workers Self-Defense], the victims, according to General Maza, were determined in a plan drafted in Medellin.

[Line or lines missing from original text] and in a letter he sent immediately to the attorney general of the nation, Alfonso Gomez Mendez, Maza stated explicitly that according to information gathered the preceding week when a retired Army captain, Luis Javier Wanumen

Camargo, was captured in possession of certain documents revealing the intentions of the Medellin Cartel. "The truth of the matter is to be found in La Dorada and Puerto Boyaca, where the 'gentlemen from Las Flores' [senores de Las Flores] have their operations centers."

It was the "gentleman from Las Flores" who sent a "confidential report" which was confiscated from Wanumen, in which almost the sole subject was the plans directed against Gen Maza. That report said that "everything was ready to give him a good fright, at the least." This document, which Maza himself described as the "libretto" for the hired assassins' attack, revealed that "Wanumen Camargo is an individual working for an organization connected with the nefarious marriage between the drug traffickers and the self-defense groups (erroneously called paramilitary) which are trying to destabilize our democracy, under the sponsorship of the Medellin Cartel." The general made this categorical statement in the letter he read before the legislative chambers and the microphones of the country's mass media.

The leaders of the Medellin Cartel, Pablo Escobar and Gonzalo Rodriguez Gacha, who are believed to be "the gentlemen from Las Flores" by the authorities, have reason enough to regard Gen Maza as one of their key targets. Because of the investigations pursued by the director of the DAS, Escobar and Rodriguez Gacha were taken to court as the planners of the slaughters organized by the paramilitary groups in Uraba and Magdalena Medio. Due to his determined campaign against the paramilitary movement, the DAS head succeeded in staking out a process which led the government to address the self-defense group issue, to the point that in recent months the actions of the authorities have been focused on breaking up the paramilitary groups and rounding up the heads of the Medellin Cartel.

It was because of the general that it became possible to identify the drug traffic-paramilitary link, and it was he who launched the serious struggle to strike at it not only in the military realm, but in the economic sector as well. While some of the paramilitary groups have been broken up, the blows struck against the cocaine-processing laboratories have been no less damaging. And "the gentlemen from Las Flores" cannot forgive this. This was what cost Rodrigo Lara Bonilla his life, when he took action against the laboratories in Yari and Tranquilandia.

General Maza made bold moves against those in Puerto Boyaca and La Dorada. He was a part of the Paime and Primavera operations, involving nothing more nor less than stepping on the economic corns of the Medellin Cartel. And to interfere in the economic affairs of the mafia is to play with death.

The First Rounds

Curiously enough, General Maza had not trained his sights on the drug traffic at the beginning. And although his record includes some bulls-eyes, such as the confiscation in 1978 of the first 1,000 kg of cocaine from the most powerful gang of drug traffickers in that era, that headed by the Honduran Ramon Matta Ballesteros, his efforts always had more to do with the political or public order problems. These were the issues which had most affected Colombian citizens for some time. Maza Marquez can count the battle against kidnapping among the crusades of his 30 years dedicated to police investigation. And although he succeeded in breaking up the most dangerous organizations of common criminals engaged in this activity, such as that of the famous "Dr Kidnapping" (Hernan Valero), as well as eliminating the gangs of bank robbers in the 1960s, which included both common criminals and guerrilla organizations, his skill as an investigator was to lead him to deal with new criminal phenomena in the 1980s.

In this decade, while gangs of drug traffickers grew with the support and sympathy of broad sectors of society, General Maza faced one of the most important tasks of his career—the battle against subversion. In his various posts as director of the F-2 [National Police Intelligence Division] and DAS, Maza became an implacable executioner of urban guerrilla organizations. The PLA [expansion unknown], the ADO, the ELN [Army of National Liberation], and the FARC [Revolutionary Armed Forces of Colombia] saw their terrorist plans frustrated on more than one occasion due to the activities of the secret agencies under his command. Such was the success he achieved in this field that for a number of years, General Maza was described in leftist pamphlets as a "ferocious anticommunist torturer."

The Second Enemy

But his antisubversive aims and his anticommunist ideological positions did not prevent him from noting the phenomenon which was to become the key problem at the end of the 1980s—paramilitary groups. And although for some enemies of subversion, this phenomenon appeared to be the solution to the widespread problems of extortion and kidnapping, General Maza did not climb on the bandwagon of self-defense groups. On the contrary, he began the campaign which transformed him into the executioner of the paramilitary groups. And when the country still did not understand the dimensions of what was involved with the selective assassinations of Patriotic Union leaders and the mass slaughters they initiated in 1988, General Maza had already put his finger on the sore spot.

Maza himself defined it thus: "The paramilitary movement is the interpretation that drug traffickers have given to self-defense groups." In this way, and like Rodrigo Lara Bonilla, Colonel Jaime Ramirez, Judge Hernando Baquero, the prosecutor Carlos Mauro Hoyos, and many other judges and investigators, Gen Maza came into direct conflict in the end with the two leading drug-trafficking bosses, Pablo Escobar and Gonzalo Rodriguez Gacha, who head the Medellin Cartel. But unlike his predecessors in this struggle, Maza pointed an accusing finger at Escobar and "The Mexican," not so

much as drug-trafficking bosses, but as the planners of the new form of organized violence which has taken over the country in recent years—paramilitary activities.

From the political point of view, and as a dedicated defender of democracy and the law, Maza took the lead in this struggle. But perhaps what distinguishes this general from the other state officials who in one way or another have played similar roles is the fact that apart from the effectiveness of the operations he has headed, he is guided by a theoretical concept, almost a philosophy, concerning what the war being experienced in Colombia means in global terms. It is not without reason that it is said in the corridors of the Casa de Narino that President Barco once commented: "The man most knowledgeable about violence in this country is General Maza."

The Plot

It is no surprise, then, that the worst assassins in the history of Colombia trained their sights on Maza so quickly. But this is not the only factor, or even the most serious one, in the analysis which must be made of what happened last week.

Apart from the gravity of the attack on the life of the DAS director, the most terrifying thing, without a doubt, is what has begun to be discovered since then—that Maza's enemies are not to be found in Medellin and in La Dorada and Puerto Boyaca alone, but under his very nose. That the mafia in a country would try to kill the head of national security is serious, but in a way understandable. On the other hand, the fact that individuals connected with military intelligence, who in addition seem to have a large volume of information about what should be the most secret high-level government discussions, appear to be involved in the plot to assassinate him—this is scandalous and horrifying. It suffices to cast a glance at the elements discovered thus far in the plot against Maza and, according to other reports, against the police commander, Gen Miguel Antonio Gomez Padilla, and the head of the antinarcotics campaign, Gen Guillermo Munoz. What has been learned to date is the following:

- That the infamous Captain Wanumen (retired) when arrested several days before the attack, had military intelligence documents in his possession.
- That apart from these documents, Wanumen has rather obvious connections with drug traffickers.
- That in addition to military intelligence documents, others were found in his possession relating to discussions held during National Security Council meetings.
- And by way of confirmation of the level of information utilized by the narcoparamilitary network which has infiltrated high government circles, it was learned at the end of the week that Wanumen had given the mafia detailed advance information about decisions made by the Ministry of Government, the Ministry of Foreign Affairs, the Office of the Attorney General, the DAS, the Supreme Court, the Council of State, the Army, and the Air Force.

As if this were not enough, the dissolution of the command level of the Sucre Police Force last week and the dismissal of a police lieutenant and sublieutenant who had tried to bribe their superiors to obtain the release of Wanumen prove once again how far the corrupting power of drug traffickers has reached into the body which is supposed to be their main enemy, the National Police. It is now being subjected to a thoroughgoing "cleanup operation."

But there is more. It is a secret to no one on the top levels of government that there is resistance to Gen Maza on the part of some important officials in the Armed Forces. Beyond the natural envy his justified role as a protagonist has provoked, it is obvious that the fact that Maza has spoken harshly and clearly about the links between some Army and police personnel and the paramilitary organizations has been ill-received in certain military command circles. To this is added the notorious trust placed in the director of the DAS by President Barco. He has not only supported Maza in his initiatives and investigations, but he has made him or of his closest collaborators—even closer than some members of the various "Sanhedrins" about which there has been so much speculation. Many people agree that certain things which have gone unnoticed by the public, but which have obvious significance, are clear evidence of this. To give just one example, the only military officer of high rank who accompanied Barco on his most important trip abroad—the one he made to Washington recently to speak before editors in the United States—was Maza Marquez.

Because of all we have said, the country should be happy that one of its few heroes has survived an attack like that on Tuesday, 30 May. But apart from being happy, people should be aware that the idea that the paramilitary phenomenon constitutes the most serious political and public order problem in the country at this time is not the product of a feverish brain or of leftist manipulations. All that remains is to wait for developments in the investigation of the Wanumen case, so that, as Maza himself has said, "overwhelming proof showing the country where the evils which afflict it lie" can be made public.

* Cartel Links Studied

Bogota SEMANA in Spanish 13 Jun 89 pp 26-33

[Text] The last time a president of the Republic spoke of Judas was when Belisario Betancur did so in September of 1984. He was referring to some sectors inside and outside the government which had been secretly discussing a military coup. Last week, Virgilio Barco brought up the name of Judas again, in the presence of the swarm of journalists who attended the promotion ceremony at which the director of the police, Miguel Antonio Gomez Padilla, was made a major general. To a question from a

reporter about the infiltration of high government circles by individuals linked with the Medellin Cartel, the president answered in a tone somewhere between slyness and a bad temper: "All things are to be found in the vineyard of the Lord. There is a Judas to be found everywhere. There are deceitful individuals who want to take advantage. But this does not mean that the Armed Forces or the country is corrupt."

Although the circumstances in which each of the presidents referred to the Biblical traitor were very different, they had one element in common. While mentioning Judas, both were also discussing the Armed Forces. In Barco's case, the president was, by means of a witticism or a jest, agreeing that while the Armed Forces as an institution could not be accused, this did not mean that there did not exist what former prosecutor Carlos Jimenez Gomez once called "unruly and defective elements." And this might fall short of a full description of a number, as yet undetermined, of individuals in the Armed Forces who comprised what could be called "the Wanumen connection."

The documents found in the possession of former Army captain Luis Javier Wanumen a few days prior to the attack on the director of the DAS [Administrative Department of Security], General Miguel Maza Marquez, not only provided clues to the attack itself, but made it clear that the tentacles of the Medellin Cartel had even reached into the very heart of the military intelligence services.

Out of Focus

Despite the clear references made by the president, there were those who wanted to look farther upstream. Portions of one of the documents seized—the "confidential report to the gentleman from Las Flores" [see box insert, p 33]—referred to Minister of Government Raul Orejuela Bueno in the following terms: "The kidnapping of the brother of Government Minister Hernan Orejuela Bueno in Cali is simply a screen used by those in (the cartel in) Cali, since the minister is helping them. Much of the information on the cocaine 'kitchens' in San Luis and the groups in Antioquia and El Puerto came from the Ministry of Government, and the minister is working with those in the cartel...." Apart from the grammatical errors and the fact that the man kidnapped was not the brother, but the nephew, of the minister, something can be extracted from the document. And this precisely was what was utilized by some in the media who, ignoring the origin of the document, trained their sights on Minister Orejuela.

The basis of the accusation against the minister was shaky. It was a reference made in a Medellin Cartel document attempting to link one enemy, the government, with another enemy, the Cali Cartel. And the "great evidence" contained in the report was the fact that the ministry had provided information about the location of some cocaine-processing laboratories, presumably belonging to the Medellin Cartel, as if they were saying that the proof of the link between Orejuela and the Cali Cartel was the fact that the Ministry of Government was doing its duty.

But the ridiculous tangle did not end there. Since it was presumed that the revelations concerning the Wanumen case referred to a network of Medellin Cartel infiltrators who had penetrated the highest government circles, the daily newspaper LA PRENSA came to the conclusion in its Friday, 9 June, issue that the government minister might be the infiltrator. And during all of this, the conservative opposition daily failed to realize that the gang of infiltrators being accused did not belong to the Cali Cartel, but the Medellin Cartel specifically.

Smoke Screen

In the end, this whole episode spread a smoke screen over much more serious and well-founded revelations concerning the Wanumen case. The attack on Gen Maza was pushed into the background, without further investigation, by the comedy of errors involving the false Orejuela scandal. SEMANA had access to Wanumen's papers, as well as the related tape recordings, which prove that in fact he not only had connections with the Medellin Cartel, but with the military intelligence sector itself. A radiotelephone conversation (see box, p 28, below) between Gonzalo Rodriguez Gacha ("The Mexican") and one of his men shows the Medellin Cartel's concern about "the fall" of the captain, documents and all, into the hands of the police. Some of these documents and other information gathered by SEMANA from various sources indicate that Wanumen maintained contact with military intelligence and attended social gatherings with members of that group. And according to some authorities, it is not impossible that even though he is retired, the sinister captain was providing military intelligence with some services on contract. And as if this were not enough, information made available last weekend indicates that Wanumen talked, and talked, and talked. As a result of what he revealed, 11 members of the Armed Forces will have to appear before the judge of the first criminal court, who is in charge of the investigation.

But in addition to this, the smoke screen succeeded in diverting attention from something which was provoking comment in high administrative circles—the fact that relations between the president and the military leadership are more tense than at any other period since this government took office.

It all has to do with the campaign launched, with Barco and Gen Maza at its head, against the narcoparamilitary forces, which has begun to cause heads to roll—for example, that of Colonel Bohorquez—within the Army ranks. According to a highly placed government source, "it was not easy to persuade the high command to

remove the colonel, despite the accumulation of evidence against him." And it has been obvious that the Army has been rather reluctant to carry out the thorough purge which the investigations by the DAS and the Office of the Attorney General show is needed in order to destroy the links between the military and the paramilitary units in some regions.

However, what has recently upset the president the most is the attitude adopted by some in the high command toward the titanic effort made by Gen Maza. It is a secret to no one on the top levels of government that there are generals in the leadership who not only refuse to greet Gen Maza, but have even gone so far as to call him crazy. And the president does not like this very much, because this is precisely the man to whom he has fully entrusted the task of rescuing the country from the paramilitary labyrinth. That is why the chief executive decided a few days ago to emphasize "the firmness shown by the command levels of the National Police in imposing exemplary penalties on those who, by violating the principles of that institution, have lapsed into errors, excesses, or violations of the legal norms and precepts."

In contrast with this praise of the police, his subject, when it came to speaking of the Army, was the significant increase in military expenditures between 1986 and 1989. During that time, the increase in constant pesos has been 37 percent. The annual rate of increase in military investments under the Barco government has been 20 percent, in real terms, while for the public sector as a whole, it has been only 6.5 percent, in real terms. Moreover, the ranks of the military have also swelled. In the last 3 years of the Betancur government, the increase was 6 percent, while since this administration took office, the increase has been more than 20 percent. Barco had an opportunity to mention these figures in a recent talk delivered behind closed doors at the Higher War College. SEMANA has had access to the contents of portions of that talk.

His mention of these figures was not without purpose. Barco wanted "to remind" the military officers indirectly that despite the increases, the results still remain to be seen. While during the Betancur government the tension between the president and the Armed Forces occurred because the peace process tied their hands and prevented them from acting, the tension which exists now is for exactly the opposite reason. Barco believes that despite the fact that they have been given a free hand, the military branches are acting as if they were manacled.

The blows dealt the guerrilla forces continue to be few, and those dealt the paramilitary groups even fewer. And in addition, a Judas is being tolerated in both cases—not in the disguise of an apostle, but wearing a green uniform.

[Box, p 27] Who Is Wanumen?

Luis Javier Wanumen Camargo, from Tota, Boyaca, joined the Army at the age of 21. In December of 1971, he was promoted to sublieutenant at the Military College, and decided on the militia as his career. He was a professional soldier until November 1984, 13 years after he took his oath of loyalty to the flag, when he came up for service qualification. He had served in various brigades and had held various posts. But in May of 1979, he began to put his foot in it—incidents of subordination, moral lapses while intoxicated, and other irregularities began to fill his service record. And while he was completing his course of training for promotion to major, he received some good news and some bad news. The good news was that he had passed the course. The bad news was that he was being put out on the street because of disciplinary violations. He had accumulated seven penalties, and his superiors believed that he should not be retained within the Army ranks.

The intelligence services say that Wanumen was marked for life and could not be employed by the military for any kind of activity, including those jobs generally held without any type of problem by former members of the military institution, and for which there is an unofficial budget. However, SEMANA has been able to establish that Wanumen did indeed have a contractual relation with military personnel on active service. This assertion gained credence when the television program News One on Saturday, 2 June, reported that the former captain, in his statement under oath to the judge of the first criminal court, had said that he was not a retired officer but on active service.

Wanumen, known in the ranks of the Medellin Cartel by the nickname "Capulina" (Black Spider), was arrested on a street in Bogota on 25 May, together with Jose Joaquin Rivera, alias "Fabio." When the routine search was made, photocopies of seven documents which should not have been in the possession of a civilian were found. On first and cursory examination, these photocopies did not seem to be as important as it later developed they were. They were nothing more nor less than six documents which originated with military intelligence and the DAS. And as if this were not enough, they were also for the "exclusive use" of drug traffickers. SEMANA obtained access to five of these documents. Two unsigned documents went directly from the DAS to Gen Maza Marquez, describing the operation of hired assassins' schools in Puerto Boyaca and Cacho in great detail. Two came from military intelligence—one issued by Civil Aeronautics, with the names and locations of the runways authorized for aircraft operations, and another pertaining to the last UP [Patriotic Union] plenum. The others included the famous "confidential report to the gentleman from Las Flores."

On the basis of these documents and other evidence in the possession of the DAS, Wanumen was turned over to the judge of the first criminal court, and it was learned

on the weekend that a warrant had been issued for the arrest of Wanumen on charges of espionage. How this story will end remains to be seen.

[Box, p 28] A Revealing Tape Recording

SEMANA has obtained the contents of a tape-recorded conversation between "The Mexican" and one of his men. This tape is in the hands of the authorities, and was intercepted through the use of a scanner on the night of 25 May, after Wanumen was arrested. The conversation on the tape follows.

[Unidentified man] "Hello, Doctor. How are you?"

[Rodriguez Gacha] "Fine, fine. I am listening. What has happened? What's new there?"

[Man] "Well then, Doctor, they've caught Capulina and Fabio here with some papers and they've taken them to a station."

[R.G.] "What kind of papers did they take?"

[Man] "The Oliver North ones we showed you the other time."

[R.G.] "But there's nothing in those papers, those are photocopies. But what did they do, what did they say? Where do they have them?"

[Man] "No, Doctor, they are asking for 13 packages of big ones. They have them at the Niza Station, and they won't settle for less."

[R.G.] "But why did they do this, why did Capulina involve himself in extortion?"

[Man] "Doctor, I don't know. Fabio had gone around several times in the car, and, well, when he met Capulina he had this stuff. Some policemen smelled something fishy and arrested them."

[R.G.] "But you, what did you do?"

[Man] "Doctor, we called the Professor, but he's gone for 3 days and so we went looking for a friend of his called the Boss but so far, nothing."

[R.G.] "But how is this possible? Call all our friends—we don't have any at that station. You have to start calling all our friends in there. Tell them to help us, not to screw us up, we'll pay for this."

[Man] "We still haven't been able to find them, but we are working on it. We were at it until 9 pm, but it seems they [the police] wore them down and then they brought us into it."

[R.G.] "But how can it be? They should say they are acting directly on my behalf, that they work for me. Let's see what they're going to do."

[Man] "No, we've already met with them. We even told them we were from the Medellin Cartel, and that if they wanted war, they should say what they wanted. But they came back at us again—they say they won't settle for less than 13."

[R.G.] "No, tell them that I'm sending word I won't give more than two. Otherwise, forget it."

[Man] "That's why I called, Doctor, because I wanted to ask for your authorization."

[R.G.] "No, the fact is I'm not giving more, otherwise, they can forget it, do what they want. We'll settle this later."

[Man] "And what do we do about the papers, Doctor?"

[R.G.] "But how did Capulina get involved with these jerks? How stupid! What do we do about these papers? What do you think?"

[Man] "Well, the big difficulty is the one concerning the gentleman from Las Flores."

[R.G.] "No, don't tell me anything about that now, we'll talk about that later. When is the colonel coming?"

[Man] "The Professor is coming in 3 days, as I told you, but we're settling things here with the others tomorrow."

[R.G.] "Do everything you can. Go see the Professor's friends and tell them I am very interested in the papers, ask them to help me. Talk with all our friends. See what can be done."

[Man] "Yes, Doctor, that's what we're doing. But we can't do anything more today, and that's why I'm calling you."

[R.G.] "Tomorrow we'll all get busy. We'll talk to these people and see if they'll back down a little and if our friends will collaborate. I think they want to trap them."

[Man] "We'll leave it at that, we'll be waiting here.

[R.G.] Let me know if anything happens. But you're not going to offer more than two big ones. This isn't worth it either. Let them forget it if they want."

[Man] "Well, Doctor, that's what we wanted to know. For you to give us instructions. And another little thing, I told you about that fellow who is doing all the talking and spreading things around. What do we do?"

[R.G.] "We'll leave that for later. Worry about "Capulina" now. So long."

[Man] "Thank you, Doctor. Rest assured we'll settle it."

[Box, p 33] 'Confidential Report'

The following is the famous document addressed to "the gentleman from Las Flores" about which there has been so much talk in recent days. It was supposedly meant for Pablo Escobar and was found in the possession of Wanumen.

Gilberto Rodriguez Orejuela, through an individual named Gustavo Ospina and the pilot of a Beechcraft airplane in the locality of Guerima, within the jurisdiction of the Vichada commissariat, made an unexpected purchase of 2,000 kg of cocaine, paid for in cash to an association headed by a fellow named Marcos Hernandez. He is both an emerald dealer and a drug trafficker, and he has various residences in La Fraguita district and in El Bosque in Bogota.

According to the information supplied by one of the cocaine "kitchen" workers named Belisario Ortiz, the intermediaries sent by Orejuela stated that they were prepared to buy as much of the goods as was available, since the gentleman they represent is prepared to challenge the members of the Medellin Cartel and kill them, with the assistance of the people who worked with Gilberto Molina Moreno, an individual they said was murdered by Don Andres.

On this subject, Minister of Mines and Energy Oscar Mejia Vallejo made the following comment on Wednesday, 10 May, according to the minutes of the Security Council:

"Mr President, I was visited in my office by some of the members of the Molina family—Jairo, Modesto, and Carlos Molina—who, on behalf of the concession holders in the Tecminas firm, requested the help of the government and the Armed Forces in preventing a declared war in the zone. They charged that Don Andres was the man responsible for the death of Gilberto Molina, and that through the intermediary of some merchants and hired assassins, Don Andres and Don Pablo had attempted to take over the mines, in order to conceal money from the goods. They asked that the government send troops, which has already been done, and said they were prepared to collaborate with the government in turning Don Andres and all the members of the so-called Medellin Cartel over to the DEA [Drug Enforcement Administration]."

Also, according to another report, information was obtained to the effect that a fellow named Humberto Maecha, the brother of one of those killed in the Sasaima case, who lives in Chia, has a farm in the town of San Nicolas in Cubarral and calls himself "Bonanza," is trying to make contact with the Medellin or Pacho people concerning information about both Don Pablo and Don Andres. With regard to this situation, it was also learned that a number of emerald dealers, for the most part former partners of Molina, and a fellow named Juan Bitar, have agreed with the Cali Cartel to attack Don Andres and Don Pablo, making use of the contacts they have been able to establish through their relations with the Medellin people, who have connections in Cartagena, Duitama, Sogamoso, Medellin, and Bogota.

Concerning the capture of Fredy Gonzalo, the report says that a lawyer fellow from Cartagena was the individual entrusted with passing on the name and the arrival time of the plane on which they caught him.

Something which is also happening in the case of the Ochoas, I understand, in the situations facing Don Fabio and his sister Cristina in recent days, and a number of the recent searches in Medellin. [as published]

In order to clearly establish the place and time of the purchase made by Gilberto's men in Vichada, I have an individual who can go into the zone without difficulty and who can clarify the situation in further detail, on the basis of the report of the alliance of the emerald dealers and the Cali Cartel. What is new to us, dating back almost a month ago now, was confirmed through an informant who managed to get close to Miguel Rodriguez Orejuela. This individual is named Oscar Roche, but he does not know that I am working with Don Andres and Don Pablo. Concerning this report, I hope I will have instructions as quickly as possible, since everything is heating up rapidly. Finally, the kidnapping of the brother of Government Minister Hernan Orejuela Bueno in Cali was merely a blind devised by the people in Cali, since the minister is helping them. Much of the information about the cocaine "kitchens" in San Luis and the groups in Antioquia and the port came from the Ministry of Government. The minister is working with the cartel people, as is Oscar Eduardo Pelaez Carmona, the director of the Dijin [Judicial and Investigative Police Directorate].

Sincerely, Big Estrada, alias the "Colombian Oliver North."

Paraguay

Rodriguez Seeking U.S. Aid for Agrarian Reform

PY0907011089 Asuncion ULTIMA HORA in Spanish 8 Jul 89 p 14, 15

[By special correspondents]

[Text] Buenos Aires—Paraguayan President General Andres Rodriguez met at 1000 this morning with the U.S. delegation here to participate in the inauguration of President Carlos Saul Menem. President Rodriguez is seeking the eradication of U.S. commercial barriers and obstacles in the marketing of Paraguayan products in the United States.

The meeting took place at the Alvear Palace Hotel and was attended by Bernard Aronson, U.S. under secretary of state for inter-American affairs, U.S. Commerce Secretary Michael Farrel [names, titles as published] and a group of high-ranking officials.

According to a Rodriguez spokesman, the Paraguayan president made his case against the economic barriers our country runs into in selling its products on the U.S. market. The Paraguayan head of state said: "It is necessary to remove those difficulties to strengthen even more the relations between the two countries."

Gen Rodriguez also asked for U.S. monetary support for the implementation of a comprehensive agrarian reform program so that all Paraguayan peasants become landowners.

The Paraguayan president stressed that "the national government is contemplating the implementation of a series of agrarian reform programs for which U.S. credit assistance is necessary. At this time, Paraguay does not need arms, because it is living a process of pacification and unity of all its people. What we need is financing for a comprehensive agrarian reform plan so that peasants who do not have land can benefit from this reform."

President Rodriguez reasserted the need for technical and advisory support for the implementation of agrarian reform, as well as for the construction of new roads nationwide to ensure the country's sustained development.

In turn, the U.S. Government officials conveyed to Gen Rodriguez congratulations from President George Bush for the democratic process under way in Paraguay. Bernard Aronson, who headed the U.S. delegation that met with President Rodriguez, said "President Bush is proud of all that Paraguay is experiencing and doing."

Rodriguez Comments on Buenos Aires Visit

PY1007164589 Asuncion HOY in Spanish 10 Jul 89 p 8

[Text] "I have returned after participating in a highly significant event in Argentina. We Paraguayans feel a great deal of affection for Argentina because it is a neighboring and friendly country," President Andres Rodriguez said yesterday shortly after he returned to Paraguay. He was greeted at Silvio Pettirossi International Airport by high-ranking government officials.

Juan Ramon Chaves, minister without portfolio who had been left in charge of the presidential office, was the first to greet the president who attended Carlos Saul Menem's presidential inauguration in Argentina. Also present at the international airport were the presidents of the judiciary and legislative branches, ministers, high-ranking military officers, and relatives and personal friends of General Rodriguez.

Speaking about Argentina, Rodriguez said that Paraguay maintains a traditional friendship with that country. He added: "I believe that we will continue strengthening this friendship with every passing day." He also said that both Paraguay and Argentina need each other which means that friendship and cooperation must grow for the happiness and well-being of the peoples of both countries.

Civilian Acting President Chavez Sworn In

PY0707151089 Asuncion Radio Caritas in Spanish 1410 GMT 7 Jul 89

[Text] Juan Ramon Chaves has been sworn in as acting president. He will be in charge of the Presidency during General Rodriguez visit to Argentina, during which he will attend Menem's inauguration ceremony.

President Rodriguez is scheduled back in the country on 9 July. Juan Ramon Chaves is the first civilian to be in charge of the Presidency in a long time.

Direct Dialing With Uruguay Established

PY0707221489 Asuncion ULTIMA HORA in Spanish 7 Jul 89 p 12

[Summary] The direct telephone dialing system with Uruguay was inaugurated yesterday when President Andres Rodriguez telephoned Uruguayan President Julio Maria Sanguinetti. Sanguinetti invited Rodriguez to participate in a breakfast meeting on 9 July at the Uruguayan Embassy in Buenos Aires, which will also be attended by other Latin American presidents.

Peru

Finance Minister Explains Economic Policy

PY1107172489 Lima Television Peruana in Spanish 0340 GMT 11 Jul 89

[Address to the nation by Economy and Finance Minister Luis Vasquez Bazan;. place and time not given—recorded]

[Excerpts] Good evening dear fellow countrymen. By order of the government, and in compliance with our duty to inform the people—since the people must know what is going on—I am addressing you, not to announce an increase in the price of staples or fuel, or a drastic monetary devaluation, but on the contrary, to explain clearly the national economic situation. [passage omitted]

In keeping with the strategy presented to Congress on 6 June 1989, I will now explain the objectives, principles, and criteria of the government's economic policy for the second half of 1989. On this basis, and given the delicate situation of the Peruvian economy, the government has requested workers and businessmen to reach a national agreement for its implementation until 31 December 1989.

This agreement should contain three basic objectives: first, to reduce inflation considerably; second, to establish a dynamic system of selective growth to allow the resumption of productive and job-creating activities; and third, to promote prudently the implementation of several changes demanded by the citizenry.

Let me speak of the struggle against inflation. According to the study and proposal we presented to Congress, Peru's high inflation stems, first, from cost increase pressures and, second, from inflationary expectation pressures.

The main cost increase pressures are variations in the exchange rate, the interest rates, utility rates, salaries, and profit margins.

If we want to curb inflation, we must reduce the growth rates of all of these macroeconomic variables simultaneously.

Regarding the currency exchange rate, I must state that we will continue with our policy of daily minidevaluations not greater than 1 percent on bank days. As of 1 August the daily minidevaluations will progressively be reduced monthly. This is a rational system that will allow a gradual unification of the MUC [Single Exchange Market] dollar exchange rate with that of the banking system.

This is a reasonable policy given our current level of national assets. It is also in keeping with our objective of reactivating the economy, since it allows Peru to import the goods needed to reactivate the economy.

It must be pointed out that on 7 July 1989, the country's total assets amounted to $1.125 billion, and its liquid assets amounted to $758 million. On 22 June 1989 the net international reserves in Peru's banking system amounted to $1.930 billion, and the gross international reserves in the system were $350 million.

It will be necessary to increase the interest rate paid to savers slightly in order to promote greater savings in intis. The Central Bank has already been instructed to implement this measure.

We also foresee a prudent reduction of the interest rate charged to borrowers. This reduction will result from the reduction of inflation.

Regarding public utility rates, I must announce that we will fully rationalize the cost structures, and the internal deficiences of state companies will be corrected drastically. However, before implementing these measures, the public utility rates will be corrected gradually to help balance the fiscal accounting. [passage omitted]

As for wages and salaries, the program provides for a gradual recovery of the workers' purchasing power. Workers and businessmen fully agree to this measure, according to which salaries and wages will grow along with the future increases in production and the inflation rate. Priority treatment will be given to recovering the purchasing power of the poorer sectors. Labor unions should base their collective bargaining on the criteria followed in the past.

Regarding farmers' income, the state will promote increases in the peasants' productivity as a means to increase their income. For this purpose an effort will be made to ensure that the minimum guaranteed prices cover the production costs and a reasonable profit. The state will intervene in the marketing of agricultural products in order to regulate prices and safeguard an acceptable profit for the producers.

Regarding utility rates, the state requires the decisive cooperation of the national business sector to fight inflation and to reactivate our economy. A positive reaction to this request is expected in exchange for the significant benefits enjoyed by the businessmen during 1986-87. This sector should understand that this is only fair.

For a start, the business sector should absorb the salary increases, the gradual price and utility rate adjustments, and the gradual exchange rate variations as a contribution to the initial effort being made to curb inflation and to reactivate selective production. [passage omitted]

The inconsistency noted in the prices requires an explanation of the current price system, which is based on the coexistence of controlled goods and services included on special and free price lists. The controlled or special price list only includes five foodstuffs—sugar, bread, noodles, oil, and margarine—gasoline, liquid gas, kerosene, potable water, electricity, telephone communications, urban and interurban public transportation services, and mail. These goods and services included on the controlled price list account for only 22 percent of the family budget . The great majority of goods and services are included in the category incorrectly known as supervised prices. In truth, these prices are freely set by the producers, who are supposed to send a detailed account of their production costs to the corresponding ministries. It should be noted that the supervised prices are freely established prices and that the government does not interfere with them.

Chicken and evaporated milk are examples of supervised prices. The prices of these goods were recently raised by the producers themselves and not by the government, as some mistakenly believe.

Goods and services with supervised prices account for 78 percent of the family budget.

How can one explain the changes experienced by the inflationary expectation? This is a complex process worth analyzing.

To begin with, there are a series of destabilizing factors, among which we could mention predictions by some economists, statements by some politicians, the report on the growth of currency issuance, and some actions taken by government officials who propose serious adjustments to the utility rates without, at the same time, being similarly strict in the rationalization of their respective cost structures.

A lot of predictions have been made regarding the country's economic situation. Not long ago, well-known economists and politicians announced alarming figures and predictions.

I would like to mention some examples. [passage omitted]

I would like to point out, with all respect and without doubting the good intentions of such outstanding experts, that this type of statement, without meaning to do so, can damage the country. They can speed up the crisis, cause great distrust among national and foreign investors, and above all create a climate of discouragement and a somber atmosphere for the citizen who is working for his family and his country.

We must all realize that we are imperfect human beings and, as a consequence, liable to make mistakes. To cushion the consequences of erroneous or partially correct predictions in such a delicate subject as the economy, we must not only stop and think, but also be moderate and prudent in our opinions and have a better attitude in the current difficult times.

I would also like to refer to the speculative rumors about the issuance of money without backing in order to cover the fiscal deficit. These rumors only harm the credibility of the Peruvian currency.

As we can see on this chart [minister is shown pointing at chart], the external issuance of money during the past few months was based on our international reserves. External issuance of money during the 31 May-30 Jun 1989 period represented 78 percent of the total money issued. Internal issuance represented 22 percent and was basically backed by the Agrarian Bank.

Net credit to the public sector and the Bank of the Nation both showed negative growth. Therefore, the rumor stating that the Central Reserves Bank is printing money to meet the public sector's thirst is false. Quite the opposite, the fiscal deficit in relation to the GDP has remained at levels similar to those in the past.

In the next chart we see that the public sector's deficit between 1985 and 1988 has remained at levels similar to what could be called traditional levels in the country's economic history. Even in 1989 the deficit will not surpass 5 percent of the GDP. I want people to especially remember this figure for other comparisons that we will make.

However, this atmosphere makes inflationary expectations look worse and prompts merchants and businessmen to increase prices excessively to avoid being caught by surprise by the expected infaltion rate. This, in turn, causes more inflation. Prices go up in a speedy and disproportionate manner but the businessman protects his profits, although his sales drop. This generates a greater recession, sales drop and production drops. Higher prices absorb salary increases. The economic agents use this income to purchase dollars as a precautionary measure. This, in turn, causes a greater devaluation of the Peruvian currency on the free market. The businessmen reschedule their profit and make more investments in the financial market. The economy, thus, gradually becomes merely another profitable activity.

But we must go back to the fiscal deficit problem. We must admit that the situation of the central government's finances is very delicate.

The following chart shows us the Central Government's income and expenditure. Income stemming from tax collection has dropped since 1985. Have a look at the years 1986 and 1987. Although these years showed intensive productive growth, as you can see income from tax collection dropped significantly. As you can also see, the level of the public expenditure, measured on a percentage of the GDP, is more or less stable throughout this period, experiencing a slight drop as of 1982.

However, I would like to clearly explain what happened to the fiscal expenditure in 1988. In 1988 the fiscal expenditures were severely cut. As a result we now have pauper schools, hospitals that cannot grant medical assistance, run-down public services, and, speaking in general terms, a very serious situation affecting the services that the state must provide.

As a consequence, in 1988 only 23 percent of the 374,000 private individuals or enterprises who handed in their tax statement admitted that they had to pay income tax. To put this in context I would like to point out that in Lima alone in 1986 there were 80,000 retail stores. However, throughout the entire country only some 16,000 enterprises pay income tax.

In general terms only 23 percent of the tax statements handed in by private individuals and enterprises pay income tax and only 87,000 tax payers pay income tax in Peru, a country of 21 million inhabitants and 7 million economically active people.

This is why we have adopted a package of measures designed to increase the number of tax payers in Peru. Among other measures, we have decided to create a tax payer's card [cedula tributaria] for all those individuals who do not have a receipt book [libreta tributaria0) but who engage in industrial and commercial activities or offer various services. These people will hand in a simple

voucher to account for the payment of their activities. Moreover, all purchases and sales operations will necessarily have to be billed and an all out struggle against tax evasion will be carried out.

Due to the present fiscal difficulties, the government considers it necessary to ask Congress to approve a special package of measures on tax administration and policy to ensure a prudent and rational implementation of our fiscal policy.

The central government will make the necessary spending cuts whenever and wherever possible.

I would now like to refer to the reactivation of production. In the upcoming few months, the government will promote—hopefully with the cooperation of the private sector—the resumption of the economic growth. Therefore we must simultaneously work on the overall supply and the internal demand.

The selective productive reactivation will be handled in two parts: The recovery of the economic growth, and the encouragement of importation of goods necessary for the economic recovery.

As for national production—as we reported to congress— our economic proposal includes actions to grant selective financial aid to some industries with priority over others. We insist that we will administer, together with the productive agents, the resources needed for the economic reactivation.

As for imports, the adjustment process which began in September 1988 reduced (?them) considerably, especially the goods necessary for the productive process. [Sentence as heard]

As for the selective reactivation, it is necessary to promote certain kinds of imports in order to provide supplies for the industries that were given priority over others.

Therefore, among other measures, it will be necessary to modify the import tax system. We will try to correct the current irrational import system. The maximun import tax level will be reduced, and a minimum import tax will be created.

In order to help rebuild the stocks of goods necessary for the selective reactivation process, the government will facilitate the payment of import taxes by allowing their payment in installments.

Internal demand will be reactivated by means of two mechanisms. The first—which was already explained—is the real, progressive, and prudent increase of income from work. The second consists of increasing employment. To this effect the government will promote emergency employment programs like the PAIT [Temporary Income Support Program] and PROEM [expansion unknown].

Country fellowmen, as I said at the opening of this speech, I, the minister of economy and finance, addressed you not to announce the increase of staple or fuel prices or a traumatic monetary devaluation. On the contrary the government has entrusted me tonight with the mission of clearly explaining to you the Peruvian economic situation, in compliance with our obligation of permanently informing the people, because the people must know what is going on.

Finally, during these hard times, and above any political or ideologic stance, it is encouraging to re-read the truly nationalistic message of Jorge Basadre [Peruvian writer]: Those who seek solace in past achievements are ignoring the fact that the real Peru still has problems. Those who are pessimistic and disenchanted are overlooking the fact that Peru still has possibilities. Unfortunately, Peru is filled with problems, but it is also filled with possibilities. Thank you.

Venezuela

Officials Reportedly Make Secret Visit to Cuba

PA1207022189 Madrid EFE in Spanish 0125 GMT 12 Jul 89

[Text] Caracas, 11 Jul (EFE)—The Venezuelan Government remained silent today concerning an alleged visit to Cuba on Sunday by Minister of the Presidency Reinaldo Figueredo, and former Foreign Minister Simon Alberto Consalvi.

The two men reportedly arrived in Havana on an airplane belonging to Nicaraguan President Daniel Ortega, with the mission of discussing with Cuban authorities the alleged involvement of Panama in drug trafficking, "in which (Manuel Antonio) Noriega is an important element," according to the newspaper EL UNIVERSAL.

Ortega made a stopover at Maiquetia Airport, 20 km north of Caracas, to meet with Venezuelan President Carlos Andres Perez. The Venezuelan Government tried to keep the meeting a secret.

EL UNIVERSAL said today that Figueredo and Consalvi, the current Venezuelan ambassador to the United States, went to Cuba to talk with authorities there about the trial of high-ranking Cuban military officers involved in drug trafficking, and about the Panamanian issue.

The topics of the Perez-Ortega talks were not revealed, but it is believed that the Cuban situation and the Panamanian crisis were subjects of the presidential meeting.

Reportage of Official Visit by Mexican President

Salinas Speaks at State Banquet

PA1107204589 Caracas Venezolana de Television Canal 8 in Spanish 0155 GMT 9 Jul 89

[Speech by Mexican President Carlos Salinas de Gortari at state banquet in his honor at La Casona presidential residence in Caracas—live]

[Excerpts] His Excellency Venezuelan President and Mrs Perez, ladies and gentlemen:

It is a great pleasure for me to represent my homeland at this meeting between Mexico and the great Venezuelan nation. Upon arriving here, I felt the warm affection of a friendly and generous people who have always granted Mexico a special place in their hearts. I am particularly grateful for the expressions of friendship I have received from President Carlos Andres Perez and the close confidence of this fraternal nation that comes with that friendship.

This is my first state visit. I wanted it to take place in Latin America to make it known that Mexico attaches a high priority to its relations with this region's countries. I visited Venezuela to underline the fact that Mexico gives precedence to its relations with this country, whose economic potential and whose political similarities with Mexico guarantee success in a broad range of cooperation between our two nations.

This is a fitting occasion to reiterate my government's primary goal—that is, to strengthen our historic ties of unity with Venezuela and the other Latin American nations, thus giving a new response to the challenges of our times. This is demanded by the winds of change and the worldwide transformations we are witnessing. The mutual challenges we face and the region's democratic awakening give rise to a new realistic but enthusiastic spirit among our nations to undertake concerted actions. The last decade of this century promises a new international arena full of challenges and opportunities.

The economic imbalance in the industrialized nations demands a prompt solution. Correcting this imbalance, however, may provoke an outright world recession. Its effects are already being felt through an increase in protectionism, high international interest rates, a constant slump in the price of raw materials, and increasing financial instability throughout the world.

In another development, the industrialized countries have opened the door to a technological revolution of unpredictable limits. The introduction of new technology has changed the methods of production and has affected trade and consumption. It shortens distances and time. It affects the demand for raw materials and labor. It promotes a new international division of labor and imposes new standards of competition and quality. A great international change is occurring. Our challenge is to take advantage of the opportunities for development caused by this deep change in economic structures and in the system of international relations.

In view of that international situation, Mexico decided to begin a broad modernization process covering all of the country's fields. We are determined to face up to the new international reality. We have decided to take advantage of that reality to reach our nation's goals with firmness and determination.

We are determined to strengthen our sovereignty, to consolidate our democratic life, to grow without inflation, and to fulfill all the Mexican families' demands for lasting and appropriate standards of living.

For Mexico and for other Latin American countries, the current decade has been a period of serious difficulties. This decade has been characterized by low production, financial difficulties, the excessive and unfair burden of the foreign debt, the deterioration of trade terms, and the proliferation of commercial barriers. In view of the situation, we have made efforts to overcome adversity and give shape to our future.

We are determined to resume our economic growth with a clear objective in mind: To improve our people's well-being, especially that of the most needy. We are convinced that this priority goal will not be fulfilled if we do not save resources, if we do not produce more, and if we fail to increase our competitiveness in today's interdependent world.

To face that challenge, my government is determined to turn the concerted effort of all of the country's groups into a method and a system through which we will join individual and collective efforts.

As for our foreign policy, we are determined to begin a renewed effort for assistance and unity to promote peace and cooperation, which are two essential elements for our efforts to bear fruit. [passage omitted]

Concerted political efforts, economic cooperation, and cultural exchanges are the starting points of this basic process. Mexico and Venezuela are committed to promoting a true community of Latin American nations. We know that is a long-term goal, but we must begin moving toward that goal without delay. That goal demands, however, a firm political resolve and the elimination of weakness and division.

Our governments play an important role in this long and sometimes frustrating but essential task of Latin American unity. We are convinced that only through efficient regional cooperation will we strengthen our sovereignty in the difficult contemporary world and counter the negative effects of the consolidation of economic blocs in other parts of the world.

We will achieve Latin American unity if we join our material, natural, and human resources to carry out specific plans. In that way, we will participate in international markets on far more competitive terms. That will allow us to meet our countries' demands for an improved standard of living, well-being, and development, thus avoiding the frustration resulting from the rhetoric of unity if that unity is not based on specific plans and actions.

Because of their geopolitical situation, Mexico and Venezuela cannot remain indifferent to the Central American situation. We are concerned over the conflicts that are part of a Central American crisis that continues despite regional peace efforts. The high risks created by the Central American crisis seriously affect our countries and the climate we need to face the challenges posed by growth and social justice.

We are convinced that the solution to Central America's problems must be based on firm respect for each country's right to self-determination and must be the result of overall negotiations among the Central American countries themselves without foreign interference.

Our countries have made efforts to consolidate and increase the effectiveness of our cooperation with Central America and the Caribbean. Our two countries believe that along with political negotiations, it is necessary to promote economic development in Central America. That is the only way to consolidate a stable and lasting peace.

Mr President, I am convinced that our political resolve to establish a broad plan for cooperation and assistance between our countries will undoubtedly strengthen the ties that unite us. Because of the size and form of their economies, the similarities in their foreign policies, and their advantageous geographical positions, Mexico and Venezuela have an excellent opportunity to advance with specific steps and pragmatic actions toward greater regional cooperation. [passage omitted]

Perez Speaks at Banquet

PA1107194889 Caracas Venezolana de Television Canal 8 in Spanish 0131 GMT 9 Jul 89

[Speech by President Carlos Andres Perez at a banquet in honor of Mexican President Carlos Salinas de Gortari at La Casona presidential residence in Caracas—live]

[Excerpts] [passage omitted] Due to the prevailing circumstances, I have described this decade as the wicked decade for the developing nations. It has left us a deplorable toll that we are determined to overcome. These circumstances prevail in the disorganized and unjust system of today's international economic and trade relations, and they force us to take a closer look at Latin America and to seek through unity and solidarity a solution to our challenges. A clear example of our solidarity with Latin America is the plan to help the Central American and Caribbean nations with an energy cooperation program.

For many years, Venezuelan-Mexican relations have not been very warm, even though great efforts were made to improve them. Nonetheless, our two peoples have always had cordial and frequent contacts. Our economic, commercial, scientific, and technological ties have not been very successful, but there is great potential in these fields.

We can honestly state here that we have deprived our societies of the great benefits we can obtain from a mutually profitable relationship. This has been the plight of all Latin America; we have caused it, and we are directly responsible for this.

Your presence at this very important opportunity, Mr President, is a new beginning for changing this unjustifiable situation. Fortunately, during your visit we will sign a bilateral cooperation program that was very carefully prepared by experts from both countries. This new agreement will promote bilateral integration and will strengthen cooperation in various fields with other Latin American countries. [passage omitted]

The most important steps will be taken in the field of economic integration, which offers great potential. In this manner, we will try to rationalize investments, to promote our respective domestic markets, and to increase participation in other markets.

I feel Venezuela and Mexico are today taking an important step whose significance is difficult to assess at this moment due to its vast scope. Through these means, our bilateral relations will improve and move toward great achievements that will contribute in a stable manner toward improving our peoples' well-being and developing Latin American integration. It must be clearly understood that this great step we will take in Mexican-Venezuelan relations does not mean in any way that there has been or there could be any change in the firm determination to promote and participate in Latin American integration. That is our primary goal, and we will devote our efforts to achieving that.

What we are doing today is one of those efforts. Venezuela and Mexico will become a pillar of Latin American integration. Nobody should see in it anything different from what the Mexican president and myself have repeatedly said. Our joint efforts will not detract from Latin American integration but, on the contrary, will definitely strengthen these efforts. The integration efforts of Venezuela and Mexico will not be exclusive. They will be perfectly compatible with similar policies already being carried out or that will be carried out with other countries or groups of countries. [passage omitted]

We are members of the United Nations and of the OAS, and we set our foreign policies based on their principles. Respect for human rights and for self-determination is an essential part of our nations' policies. Nonalignment and the peaceful solution of conflicts without any foreign intervention are an important part of our nation' policies of friendship. [passage omitted]

The Panama conflict is affecting peace and democracy in Latin America, and this conflict is testing once again the feelings of solidarity and of respect for these sacred principles. The Latin American peoples and governments have firmly decided to entrust the OAS with putting into practice the solidarity that compels us to carry out a concerted effort for understanding, while always respecting the constitutional provisions that support the Panamanian people's sovereignty. The OAS is seeking a peaceful, democratic solution to a conflict that—although a domestic conflict—is a serious threat to peace in our hemisphere.

We hope that the conciliatory efforts by the peoples and governments represented in the OAS will lead our Panamanian friends to a concerted effort and a solution that will satisfy the purpose of the 21st Consultative Meeting of the OAS Foreign Ministers. These are the demands of our solidarity with the Panamanian people, who are striving to consolidate their democracy while they prepare—as a great Latin American fatherland—to assume full and sovereign control over the canal, which also is the result of that same Latin American solidarity that is once again offered to them today.

To conclude, I would like to refer now to the most serious obstacle hindering our development and well-being. I am referring to the foreign debt, which undermines democratic order and stability and leads the Latin American nations to despair. This is an urgent problem that requires priority attention, and we are coping with it in a firm, determined manner. We are seeking an irrevocable solution—without having to resort to a confrontation—through a rational and just understanding while being responsible to our creditors.

Undoubtedly, Mexico and Venezuela act in solidarity by seeking an urgent solution to this burden. Even though our foreign debts have different characteristics, there is a common denominator: We have faith that we will solve this problem. We have no qualms about admitting that after long and hard years of efforts and goodwill, now—at last—we have the understanding and cooperation of the creditor countries' leaders. We expect cooperation from their financial institutions so that we may begin solving such a serious and disruptive issue that has tested the patience and good faith of our peoples, who are engulfed by huge, painful sacrifices.

The Brady Plan, an initiative of the current U.S. Administration, opens the path for the understanding and solution that Mexico and Venzuela seek today, without this implying we will forget the solidarity that compels us to demand overall solutions. There can only be one international justice, as there can only be one commitment that joins us to the Latin American peoples.

The debt crisis also served as a basis for forming the Group of Eight. The evident results of the group, its influence in the international arena, and the solidarity it creates prompt us to carry out renewed efforts to consolidate the group in the framework of a serious concerted effort with defined goals in international relations. The group's October meeting in Lima will provide us, the presidents, with new opportunities to consolidate our Latin American and international goals. [passage omitted]

Mr President: Your visit honors us, and it is the result of the hard work we have both done. Venezuela and Mexico are assuming a serious commitment—which we can describe as historic—that responds to the justifiable hopes of all who understand and feel that Latin American integration is the path that will allow us to carry out a role in the next century that will guarantee our people the peace, democracy, and well-being to which we are entitled.

Mr President: On this, your first state visit to South America, it is a very special privilege for me to decorate you with the highest Venezuelan decoration, the Order of the Liberator. Bolivar continues to be the bearer of a message that will always call for deep integration and friendship among our Latin American peoples. [applause]

Agreements Signed

PA1107012389 Caracas Venezolana de Television Canal 8 in Spanish 0000 GMT 11 Jul 89

[Text] The Mexican and Venezuelan presidents—Carlos Salinas de Gortari and Carlos Andres Perez, respectively—today signed many agreements that represent the first stage of implementation of a comprehensive plan for bilateral cooperation.

The signing of these agreements took place at the (Pantano de Vargas) Room of the Miraflores Palace. Their chief objective is to resume the effort at unity, which will lead to greater development and well-being.

Initially, the comprehensive cooperation plan is based on the objectives of the ALADI [Latin American Integration Association] and it will remain open for other countries in the region to adhere to. Programs on economic coordination, as well as cultural, educational, scientific, technical, and technological programs will be annexed to the plan.

At the same time, the presidential retinues signed agreements to fight drug trafficking, a protocol on public finance and financial matters [hacendario-financiero], and a letter of intent on construction and counseling matters. Another important agreement involves renewal—for the 10th consecutive year—of the San Jose

Agreement on energy cooperation and financial facilities with Central America. Moreover, Mexican and Venezuelan companies signed agreements on tourist promotion, construction, and counseling matters.

The two heads of state agreed to continue negotiations on various subjects, such as international public bidding and the promotion of joint investments, and to begin studying the possibility of signing an extradition and assistance treaty on penal matters and the enforcement of sentences.

Finally, Salinas de Gortari and Perez issued a broad communique in which they list coincidences on matters raised during the Mexican president's 3-day official visit. Concerning Latin America's economic crisis, it notes that the burden of adjustments must also be assumed by the developed countries. It refers to the need for international action to resolve, without any further delay, the problem of foreign debt.

The two presidents deplored the stalemate in the Esquipulas II negotiations and reasserted their support of the goal of achieving harmonious development of the countries in the region.

President Departs for French Bicentennial
PA1107191689 Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 11 Jul 89

[Text] After swearing in Interior Minister Alejandro Izaguirre as acting president, President Carlos Andres Perez left for Paris, where he will attend the main events marking the 200th anniversary of the French Revolution. The Venezuelan president will make a stopover in New York, and from there he will travel to Paris with Foreign Minister Enrique Tejada Paris and Reinaldo Figueredo, minister of the Secretariat of the Presidency.

Carlos Andres Perez will hold several meetings to strengthen the North-South dialogue. He will meet with his Indian and Senegalese counterparts tomorrow night to prepare a meeting with the members of the Group of Seven. On 13 July, President Perez will deliver a speech to the nation over a radio and television network to explain the reasons for his trip to France. He also will be granting an interview to a French television network. On 14 July, he will attend the main event marking the bicentennial of the French Revolution. This event includes a military parade. He will meet with several heads of state that day. Perez also will be meeting with high-ranking officials of the international financial system to discuss various topics, particularly the foreign debt.

President Carlos Andres Perez and his delegation will return to Venezuela on 16 July.

*** Eglee Iturbe Implicated in RECADI Scandal**
33480212d Caracas EL NACIONAL in Spanish 25 May 89 p D-1

[Article by Leopoldo Linares]

[Text] The chairman of the special committee of Congress which is investigating the RECADI case has stated that Eglee Iturbe, the present minister of finance, is responsible for the matter. She reportedly turned tax cases over to the banks for correction, instead of executing surety bonds for the estimated taxes and collecting billions of bolivares for the state.

A new scandal which, because of its dimensions, could put previous affairs in the shade, has arisen in connection with the RECADI case. The special parliamentary committee headed by Deputy Douglas Dager which is investigating this case has discovered that there are more than 26,000 cases on which surety bonds were not executed. The Venezuelan state has lost billions of bolivares. This denunciation involves Eglee Iturbe, the present minister of finance who is being investigated by the judge who has jurisdiction over this case.

In an interview with a journalist, Deputy Dager said: "The problem relates to the fact that in the Ministry of Finance there are more than 26,000 cases involving surety bonds. Because of irregularities committed by importers, they gave the Venezuelan Government the right to execute the bonds and to recover billions of bolivares. And the information which we have is that the Venezuelan Government, through the Ministry of Finance, instead of executing those bonds and collecting the money, delivered the cases to the banks and to the insurers so that, together with the importers, they would correct the errors in those cases in order to release the bonds. In this way the state loses the possibility of collecting billions of bolivares."

A reporter for EL NACIONAL asked: "Was that action in violation of the existing Law for the Protection of Public Property?"

Dager replied: "Of course it was, because public officials are obliged to exercise all rights and credits in favor of the state, as distinct from private citizens, who have the right to exercise those rights or not. A public official is obliged to exercise those rights and credits in favor of the state, something which was not done on this occasion. And not only was it not done, but something even more serious happened. The interested parties were given an opportunity to alter their file folders so that they might free themselves of any obligation to pay."

The EL NACIONAL reporter asked: "Regarding that decision not to execute the bonds and to turn over the cases to financial bodies, was it made during the previous or the present administration?"

Dager answered: "It was made by the present administration and specifically on 4 April when Minister Eglee Iturbe approved this absolutely irregular arrangement, which harmed the interests of the public."

The reporter asked: "Could this development lead to an investigation and even to formal charges against Minister Iturbe?"

Dager said: "This case has already resulted in a charge which I presented before the Court of Special Investigation so that the appropriate penal inquiry might be opened. If, on the basis of that inquiry, it is concluded that the minister may have committed a crime, of course the case will have to go to the Superior Court of Safeguards [Tribunal Superior de Salvaguarda].

The Investigation

Deputy Dager reminded the reporter that the RECADI case is possibly the greatest corruption issue which has ever been investigated in Venezuela. He stated that about 35 billion dollars are involved in it and that it affects all aspects of national life. Furthermore, he pointed out that the investigation is being carried on simultaneously by the court with jurisdiction over the case, the Office of the Comptroller General of the Republic, and Congress. In this last aspect he stated that certainly for the first time an organized, effective, and very methodical job is being carried on at the parliamentary level. Congress is trying to depoliticize it. He recalled that, on instructions from the Special Committee of Congress, 15 specialized technicians are working in the RECADI offices, using all of the files of this office and the computerized system of the Central Bank of Venezuela.

Then, in reply to a comment by the reporter, Dager admitted that this investigation will take time, since the files of almost 30,000 companies which participated in nearly 500,000 import cases will have to be reviewed.

"However," Dager stated, "the investigation will make it possible to state with considerable precision what happened in the RECADI case, both in the public as well as in the private sector. The stinking mess of RECADI is of such proportions that no one could have imagined it, since it does not involve just one given company or person but hundreds of people who conspired to rob the nation. In any case, I can state that, out of about 200 companies which have been thoroughly investigated up to now, about 80 percent were involved in various kinds of irregularities."

Dager insisted throughout the conversation with the reporter that, despite the uncertainty and doubts which many Venezuelan people feel about the RECADI case, public opinion may be sure that the investigation will bring out specific details concerning the guilt of public officials and private companies. In this respect he made two comments. In the first place, it will be necessary to revise the whole judicial structure which has existed up to now, beginning with the absolute inadequacy of having a single judge with jurisdiction over this case.

In the second place, Dager asked for a new attitude to be shown by Venezuelan society regarding the RECADI case. Specifically, he said that public opinion, company management and trade union organizations, political parties, the communications media, and other sectors of society should be prepared for the actions which will soon be taken. Dager stated dramatically: "We must seek a consensus, not in order to cover things up but to deal with what all of this affair signifies and particularly what we are going to do with the RECADI case. If the results of the investigation throw suspicion on the big fish, all of us must prepare ourselves to accept these conclusions and to seek exemplary punishment for them."

Finally, Dager gave the example of the surety bonds, stating that, instead of executing them, the Ministry of Finance turned over the cases to the interested parties to correct the errors and avoid execution of the bonds. In Dager's view this is equivalent to having a criminal judge turn over to the accused and his lawyers the case which he has prepared so that they may analyze the evidence presented and look for a way to destroy or avoid it.

Dager showed the journalist a report prepared by the Directorate General of Foreign Exchange for Imports, in which it is admitted that there are 26,622 cases in which duties collected were missing or which had irregularities which did not permit releasing the corresponding bonds. In Dager's view the most serious aspect which his committee found in this case is that there has been a relationship between the Ministry of Finance and the banks.

He added: "This alarmed me very much, because how could it be determined who specifically would have to pay, by looking at his own case? The Ministry of Finance decided to take those cases from RECADI and send them to each one of the banks. These banks were the institutions which would have to pay the corresponding bonds in case an irregularity were identified. As a result, the bank and the importer would examine their own case, take action on it and add to it the information needed which the importer did not present at the proper time so that the release of the bond could be ordered."

He concluded: "I must charge that those 26,000 cases would entitle the Venezuelan state to collect many billion bolivares. This fact, together with the circumstances that the dollars were not returned to the country, could constitute a larger theft than that involving the preferential dollars."

*** Next 100 Days of Perez Administration**
33480212a Caracas BOHEMIA in Spanish
22-28 May 89 pp 44-46

[Article by D. F. Maza Zavala]

[Text] President Carlos Andres Perez has completed 100 days in office. The number 100 is symbolic: 100 days of the first term of President Franklin D. Roosevelt; earlier,

the 100 days following Napoleon's return from Elba; the 100 days of the first administration of Perez (dynamic, bright, euphoric); 100 days of the first administration of President George Bush (gray, a little frustrating); and now the 100 days of the second administration of Carlos Andres Perez. As much has been said about these periods of the first 100 days, we prefer to say something about the next 100 days, a period of time which will take us to August.

Two of the main lines of the government program in the economic field—the new treatment of the external debt and "fresh" financing—will face their greatest test in the next 100 days. Perhaps those unknown factors will be cleared up, and both the government as well as the country will be less restless. Nevertheless, in the light of the stories which are circulating in the international financial world, a new agreement on the debt over the short term does not appear to be viable. The bankers will be unwilling to accept the 50 percent reduction in the nominal value of the debt which the government wants. So far the Brady plan is a simple show of good will, without any practical implementation. The quotation of the Venezuelan debt has gone up, probably as the result of a financial maneuver by the creditors to improve their negotiating position. Venezuela continues paying the interest, and the creditors are not particularly impatient about reaching a new agreement. Interest rates continue to rise and could amount to 9 percent in a short time. This would require an annual payment of $3 billion in interest. The problem is complicated with the matter of the letters of credit, which involves short-term commercial credit. Regarding "fresh" funds, the government hopes to obtain no less than $3 billion in 1989 and perhaps will obtain $2 billion from the International Monetary Fund, the World Bank, and the Inter-American Development Bank. The private bankers will give nothing without a real guarantee. On the other hand, the prospect of greater indebtedness, part of which must be repaid over the medium term, is not very reassuring.

Petroleum income may increase moderately in terms of the estimate which was made at the end of the budget for this fiscal year. A reasonable forecast places the price of the Venezuelan petroleum export "basket" at $16.50 per barrel as the average price for 1989. Although the majority of the OPEC countries have raised their production quotas above the level established by this body, it appears that Venezuela has not done so. Annual petroleum income may reach $9.8 billion, which would make it possible to ease the pressure on our balance of payments.

Imports, Letters of Credit, and a Free Exchange Rate for the Dollar

Nevertheless, the short term development of imports is surrounded with question marks. In the first 4 months of 1989 imports were much below the historic monthly average. This makes it possible to assume that they will be more active during the rest of the year. The shadow of the letters of credit, a commercial and financial debt which will have to be paid in any case, whatever the formula which is finally used, restricts the horizon for imports, which will have to be limited to what is strictly essential, even without exchange control. Up to now the free rate of the dollar has fluctuated moderately, tending toward 37 bolivares to $1. Nevertheless, if the demand for foreign exchange for imports and repayment of the debt increases and if the Central Bank does not offer considerable quantities of dollars through the auction procedure, the free-market rate for the dollar will go up in the next few months. There is no reason to expect that the dollar rate will increase rapidly. Rather, there will be a moderate, fluctuating increase.

Interest Rates, Inflation, and the Demand for Goods

Although the objective sought by the Central Bank, according to the statement of Dr Pedro Tinoco, its president, is to set nominal interest rates at levels higher than the inflation rate, in order to determine real, positive rates, the maximum, nominal rates will move up during the next 100 days until they reach, probably, a level of 80 percent annually or even more. This is so that passive rates of interest (which reward savings) become really positive. This is equivalent to more than doubling the present rates, which are considered impossible to assimilate by certain economic sectors, such as agriculture, the construction industry, and financing medium-priced and public housing by means of mortgages, as well as small industry and services. The previous calculation is based on the supposition that the rate of inflation in 1989 will be no less than 70 percent. The cumulative inflation as of 30 April 1989 was 40 percent. (Food and beverages went up by 51 percent.) As a result, it would not be an exaggeration to hope that during the remaining 8 months of the year the inflationary increase in prices will be about 40 percent (a monthly average of 5 percent, which is a real adjustment for the inflationary pressure). The price of foods, in particular, could increase by 90 percent during the year. With high rates of interest and inflation at unprecedented levels, effective demand for goods and services, both for consumption as well as for investment purposes, will be reduced in real terms. This raises the possibility of an economic recession. It is clear that this development is occurring in agriculture and in agroindustry, in addition to private residential construction.

Labor Job Freeze, Unemployment, and Salaries

When the 120-day decree providing for a job freeze comes to an end in June, there will be many dismissals, with or without agreement between management and labor. The new workers coming onto the job market will have considerable difficulty in obtaining jobs. The contraction of agriculture and the virtual stagnation of construction activity will no doubt generate unemployment. Everything leads us to expect that the unemployment rate this year will rise to 9 or 10 percent, instead of the 7 percent of 1988. A new job freeze does not appear to be viable. With growing unemployment the struggle

for an increase in salaries will have less possibility of success. Basically, trade union activity will have to seek to avoid a worsening of the job market.

A More Difficult Period of 100 Days

The conclusion is that the next 100 days will be more difficult than the first 100 days of the Carlos Andres Perez administration.

Report of the Comptroller General: Historic Testimony

Dr Jose Ramon Medina, the comptroller general of the Republic, presented to Congress his report covering 1988. As always, or almost always, the comptroller prepared an analysis of the public administration and specifically of the National Treasury. Doctor Medina warned that we are in a period of crisis, that is, of changes and corrections, of conflicts and maladjustments. In this process the Venezuelan government, for historic as well as for contemporary economic, political, and social reasons, must continue to play a decisive role in national life. Nevertheless, serious defects have been noted in the operations of the administration. These involve faults in planning, programming, and budgeting, the lack or insufficiency of mechanisms for internal control, in contracting for goods and services, in handling payments and managing funds, in planning purchases, in the control of inventories and the preservation of national property, slowness in the collection of taxes and weakness in the face of tax evasion, among other disturbing aspects. Regarding the decentralized sector—autonomous entities, in a general sense—observations are repeated regarding its disorderly growth, its violent and excessive expansion, which make it uncontrollable. This sector is an authentic example of managerial inefficiency and poor leadership.

In view of the new realities facing the country the comptroller general states that there is a need to have a new system for controlling expenditures. In making this statement he made clear that he was not referring only to a reform of the organic law on the system of fiscal control. He said that he was also referring to the provision of sufficient financial and administrative resources to meet growing obligations to which the complexity and dimensions of public affairs subject the Office of the Comptroller General. Dr Medina pointed to an evident contradiction between political statements and the facts in contrasting the high volume of parliamentary debate on corruption in Congress in the past year, on the occasion of the presentation of the comptroller's report. On the other hand, the budgetary allocation for the Office of the Comptroller General for 1989 is clearly inadequate, which seems to show the limited preparedness of the authorities to deal with the problem of corruption and the misappropriation of public funds. The control function is preeminent in a democratic society, and it is necessary to surround it with majesty, authority, and efficiency. The unquestionable honesty, honor, and capacity of Comptroller Medina and his team of officials are not enough. It is necessary to provide them with the means of fully performing their duties. Confronting corruption is not a purely moral matter. We must consider it as an economic and social requirement.

As in the case of all reports, it is noted that at the end of 1987 the outstanding claims for payment to the National Treasury amounted to 41 billion bolivares. The payment of this sum could cover the bulk of the fiscal deficit.

The Investigation of RECADI

At the request of the Senate, dated 23 February 1989, the Office of the Comptroller General began an investigation related to the administration of RECADI which covers the period from the middle of 1986 to the first quarter of 1989. This investigation is still under way. However, some of the results are already known, which are leading the Office of the Comptroller General to determine the civil, administrative, and criminal responsibility for the irregularities already identified.

Investigation of the CVG and Its Branches

Due to a lack of resources the Office of the Comptroller General has limited ability to act. Allocations in bolivares and dollars to carry on this investigation have been delayed. The necessary foreign exchange only became available to the Office of the Comptroller General in New York about 6 weeks ago. The resources handled by the CVG [Venezuelan Corporation of Guyana] in its own, special way amount to tens of billions of bolivares and hundreds of millions of dollars. The budgetary request of the Office of the Comptroller General is a little more than 10 million bolivares.

Costs and Supposed Losses in Gasoline

At the request of the Chamber of Deputies, the Office of the Comptroller General is studying the costs of production and the operation of the gasoline distribution system on the domestic market. The purpose of the study is to determine whether, as the Ministry of Energy and Mines and Venezuelan Petroleum, Inc., have pointed out, there are losses in this sector which justify a price increase.

Labor Work Stoppage of 18 May and Calculations of the Ministry of Coordination and Planning

Much has been said about the cost to the country of the general strike called by the CTV [Confederation of Venezuelan Workers] on 18 May. Among the surprising calculations which have been made about this cost—or economic loss—is the report prepared by Dr Miguel Rodriguez, minister of planning, which places the loss at 10 billion bolivares, according to the press. If this information is correct, this calculation belongs to the world of fiction. Even on the supposition of a total work stoppage—which, in reality, is impossible, because certain essential services go on (public services, hospitals, clinics, etc.)—the loss of economic product would never

amount to 10 billion bolivares. A simple, arithmetic calculation shows the following: 10 billion bolivares per day, multiplied by the 300 working days of the year (a rough number) would result in an annual gross national product of 3,000 billion bolivares. Now the gross national product at current prices in 1988 did not even amount to 800 billion bolivares. Therefore, the supposed calculation of the loss would be 2,200 bolivares greater than the gross national product. If the calculation is made on the basis of constant prices in 1987, the difference would be substantially greater.

We do not believe that Minister Rodriguez, an expert on models and statistics, would have made so evident an error. Or else he had too many zeros in his calculation. In any case it is clear that the work stoppage resulted in a considerable loss of real economic product, independently of the valuation of the market. Nevertheless, the compensation for this loss may be a demonstration of the strength of the workers in the eyes of the speculators, traffickers, employers without a conscience, corrupt elements, and other varieties of forest animals who make the struggle against inflation and crisis more difficult.

* People Fear Recurrence of February Riots

33480212b Caracas EL NACIONAL in Spanish
25 May 89 p D-2

[Article by Glenda Bustamante]

[Text] Asked whether events like those of 27 February could happen again in Venezuela, about 65 percent of those persons interviewed by the Datos C. A. Company thought that they could. About 34 percent of the sample of 474 residents of Caracas and its area of influence thought that these events could not recur.

The events of 27 and 28 February have left a deep impression on the people, and their consequences are still perceptible in the views of a group of people, the majority of whom have never taken part in or witnessed acts of violence such as those which took place at that time.

The Datos C. A. Company carried out a survey to determine the reactions of residents of Caracas and its metropolitan area to the disturbances which shook the country. The results of this survey, ordinarily intended for the exclusive use of its clients, were provided to the editors of EL NACIONAL as a courtesy.

The Datos Company carried out a survey involving various strata of the population, whom it divided into three groups: the upper class with more purchasing power, divided in turn into three categories (A, B, and C); an intermediate category which could be called the middle class (Category D); and, finally, Category E, corresponding to the people with smaller economic resources.

They took a sample of 474 adults and people over 14 years of age as a representative grouping of all homes in the metropolitan area of Caracas.

The answers provided to the questions asked of the people who participated in the survey, all of them connected with the disturbances, their causes, and their effects, were surprising and, to some degree, alarming.

Could That Nightmare Be Repeated?

One of the questions asked of the 474 respondents was: "Would you say that events of this kind could happen again in this country?" The answers demonstrated, among other things, that the people regarded the disturbances as a reaction to the economic measures taken.

In fact 65 percent of all of the respondents replied positively to this question, compared to 34 percent who said "no," while 1 percent said that "they did not know." Positive answers to the question reached 67 percent in Categories A, B, and C; 58 percent in Category D; and 72 percent in Category E, which includes those with lower incomes. Negative answers were less than 31, 39, and 28 percent in the same sequence of social categories.

However, in view of these results the inquiry did not stop there, because it was intended to go deeper into the reasons for this certainty regarding a possible repetition of the events of February.

Datos established that, among the 65 percent of the individuals who said that those events could be repeated, arguments were raised about the economic situation. Asked "Why do you say that?" they replied that "inflation is continuing," that "salaries are insufficient," and that "everything is getting worse every day."

In the same way this group stated that the possibility of another outbreak was high, given the fact that people continue to be discontented and tense because "the fiscal package and the measures taken under it are still in effect," while a very low percentage of the overall total of 65 percent thought that the detonator of other disturbances could be unemployment and the number of those who died as a result of the February disturbances.

Of the 34 percent of those interviewed who stated that such a situation would not happen again in Venezuela, 7 percent said that "people have reconsidered what happened and are sorry about it." Another group of 7 percent of those responding expressed confidence in the government, answering that the government and "the authorities are on the alert and watchful so that nothing similar could happen again."

What Happened on 27 and 28 February?

Regarding the feelings of the people about the 27 and 28 February events, once emotions had calmed down and when everything had returned to normal, if it may so be described, the Datos results are surprising regarding the attitude shown by Category E, which includes people with limited resources.

When those interviewed were asked what their opinion was regarding the events, out of the total sample of 474 people, 63 percent said, in short, that "the acts of robbery were vandalism; this was not good; it brought ruin, destruction, and poverty to the country. We looked like savages to foreigners."

However, it happens that this response supported by 63 percent was in Category E, while only 59 percent of those belonging to Categories A, B, and C, with larger incomes, gave similar responses regarding the events of February.

Another group of respondents held firmly to the opinions which they expressed during the events or during the days immediately following when they answered that "this was an answer to the government and against corruption."

On the basis of the results obtained, it was established that such an opinion came from about 33 percent of those interviewed from Categories A, B, and C, while only 16 percent of those interviewed in Category E agreed with this opinion.

It was observed that the loss of life was felt more deeply in Category E, where 19 percent of the persons interviewed answered that the disturbances "were regrettable because of the death of many people." They associated those days with this circumstance, passing over the popular reaction as such.

How Did the Military and Police Behave?

And although the questions asked in the survey brought out some contradictory and surprising answers among the individual participants, there was no doubt left regarding what people with limited resources felt about the performance of the security forces and the methods used to control the people.

Datos revealed that in answer to a question about the use of excessive force, the death of many innocent people, and the abuses of military and police personnel, 32 percent of those surveyed who questioned such behavior belonged to Category E, while only 20 percent of them were in Categories A, B, and C.

A coincidence of view was observed among the 474 individuals of the same group regarding the "rapid and efficient control of the situation" achieved by the security forces and the decision to impose a curfew.

About 64 percent of those interviewed in Category E and an equal percentage of those in Categories A, B, and C thought that "the behavior of the police and military was good." They even agreed with the suspension of constitutional guarantees.

The study also indicates that the detonator of the disturbances in the view of individuals of Category E was the increase in the price of gasoline and then of mass transportation fares, together with the high cost of living in general. In this part of the survey 62 percent of those questioned in Category E stated that this was the cause, compared with 36 percent holding the same views in Categories A, B, and C.

Those interviewed from both groups answered in the same way to the premise that the principal cause of the events of February was "the difficult economic situation, hunger among the people, and unemployment." Both people in Categories A, B, and C as well as those in Category E think that this circumstance had an influence on the outbreak of the disaster."

* Several Labor Unions Demand Wage Increases

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[Article by Omar Lugo]

[Text] In one of the first joint efforts since the national strike, the other central trade union organizations ratified the document rejecting consensus building in the terms raised by the government, which had been developed by the CTV [Confederation of Venezuelan Workers].

The CTV, the United Federation of Venezuelan Workers (CUTV), the General Federation of Workers (CGT), and the Confederation of Autonomous Unions (Codesa) will present to President Perez on 5 June a joint document rejecting consensus building in the terms proposed by the Perez administration. In the document they demand the indexation of wages to the inflation rate, which means that wages for all workers would be set approximately 50 percent above their present level.

The demand for a wage increase is contained in what the central trade union organizations of the country call an essential point for the so-called process of consensus building. They consider that without this ingredient the Venezuelan workers could not enter into the political game proposed by the government. This could result in new conflicts.

Apart from the wage increase they also raised with President Perez the restructuring, remission, or suspension of payments on the external debt for the time necessary to overcome the economic and social problems of the country. The statement also attacked those persons considered guilty of corruption in government, essentially in connection with the RECADI case, prosecution and punishment of "those who make the people

go hungry," the implementation of concrete measures for the return of the $60 billion unscrupulously taken out of the country, and the compulsory collection of the money involved in income tax evasion cases. The central trade union organizations stated: "This would be the best way of confronting those who, until now, have been playing a dirty game with the country."

The statement of rejection, originally prepared by the CTV, was approved on 2 June at a meeting with representatives of the other central trade union organizations, including Virgilio Oropeza and Jose Manuel Carrasquel for the CUTV, Adalberto Cubillan and Simon Pimentel for the CGT, and Haidee Doutch for Codesa. They met with Gaston Vera and Cesar Olarte of the CTV to sign the document which includes proposals by the various elements of the Venezuelan trade union movement. This document has been regarded as the most important joint step taken since the national strike on 18 May. Beginning now, committees are being formed to study common efforts and to prepare a document which will provide for unity of action among the four central trade union organizations.

The meeting on 5 June between President Perez and the trade union leaders appears to be decisive if we consider that the trade unions reject the approach contained in the "National Agreement for Consensus Building," which has been proposed by Presidential Assistant Luis Alfredo Freites. Among the adverse comments of the trade unions, it is pointed out that the draft agreement "seeks to impose a supposed diagnosis and outlook which would lead us to accept inevitably and without any possible alternative the political and economic lines of the government package and the measures contained in it. These measures were rejected by the Second Extraordinary Congress of the CTV."

The statement goes on to say: "The CTV (and the other central trade union organizations) would find it difficult to resign themselves to accept as inevitable such a situation and to support, even indirectly, a group of measures against which they have a clear mandate to fight to change. This mandate comes from the highest level of authority of the CTV and was supported and ratified by the workers and the country in the general strike on 18 May."

Disagreement

The central trade union organizations consider that it is necessary to keep the channels of discussion open in the search for specific solutions for concrete problems. Nevertheless, they warn that: "After the 4 months during which this administration has been in office, during which the president has committed himself to the IMF, in accordance with the letter of intention, and to the well known program of adjustments, the majority of these measures have already been implemented, with disastrous consequences among the workers, the middle class, and the bulk of the people in general. The rest of these measures are ready to be put in practice, without a specific dialogue and without prior discussion and agreement. After this experience it is inappropriate to pretend that we are reaching an agreement on consensus building."

The statement insists that the trade union organizations cannot sign an agreement on consensus building as conceived and drafted, unless it is changed, with trade union participation "to eliminate the references to economic policies which, although they have been approved by the government and company management, have been rejected by the workers." The trade unions are pessimistic about the possibilities of success in this dialogue because of negative previous experiences and in view of the inflexibility expressed by high personalities in the Perez administration regarding the application of these measures. They also note the antiworker climate which the management sector represents, "with their campaign of discredit and offenses against trade union institutions and their leaders. This matter is understandable in view of the conflict between our interests and theirs. It has been deepened by the unquestionable success of the national strike."

The rejection of consensus building, which includes rejection of the economic policy of the government, is based on the consideration that, "it is supported by powerful groups in the national economy. It repeats the unpopular formulas of adjustment of the IMF to deal with the problems facing the country. It maintains a model of development based on the unjust distribution of wealth, worsened by the measures taken to devalue the currency, and by freeing prices and rates of interest. This program is aimed at stripping the nation of its resources."